

REFINITIV

DELTA REPORT

10-Q

BHFAL - BRIGHTHOUSE FINANCIAL, IN
10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

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| TOTAL DELTAS | 1691 |
| CHANGES | 355 |
| DELETIONS | 722 |
| ADDITIONS | 614 |

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2023** **March 31, 2024**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission File Number: 001-37905

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Brighthouse Financial, Inc.

(Exact name of registrant as specified in its charter)

Delaware

81-3846992

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

11225 North Community House Road, Charlotte, North
Carolina

28277

(Address of principal executive offices)

(Zip Code)

(980) 365-7100

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u> | <u>Trading symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|---|--------------------------|--|
| Common Stock, par value \$0.01 per share | BHF | The Nasdaq Stock Market LLC |
| Depository Shares, each representing a 1/1,000th interest in a share of 6.600% Non-Cumulative Preferred Stock, Series A | BHFAP | The Nasdaq Stock Market LLC |
| Depository Shares, each representing a 1/1,000th interest in a share of 6.750% Non-Cumulative Preferred Stock, Series B | BHFAO | The Nasdaq Stock Market LLC |
| Depository Shares, each representing a 1/1,000th interest in a share of 5.375% Non-Cumulative Preferred Stock, Series C | BHFAN | The Nasdaq Stock Market LLC |
| Depository Shares, each representing a 1/1,000th interest in a share of 4.625% Non-Cumulative Preferred Stock, Series D | BHFAM | The Nasdaq Stock Market LLC |
| 6.250% Junior Subordinated Debentures due 2058 | BHFAL | The Nasdaq Stock Market LLC |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated
filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. "

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of **November 3, 2023** **May 3, 2024**, **64,204,798** **62,111,288** shares of the registrant's common stock were outstanding.

Table of Contents

| | Page |
|--|---|
| <u>Part I — Financial Information</u> | |
| Item 1. | Consolidated Financial Statements (at September 30, 2023 March 31, 2024 (Unaudited) and December 31, 2022 December 31, 2023 and for the Three Months Ended March 31, 2024 and Nine Months Ended September 30, 2023 and 2022 2023 (Unaudited)): |
| | <u>Interim Condensed Consolidated Balance Sheets</u> 2 |
| | <u>Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)</u> 3 |
| | <u>Interim Condensed Consolidated Statements of Equity</u> 4 |
| | <u>Interim Condensed Consolidated Statements of Cash Flows</u> 5 |
| | <u>Notes to the Interim Condensed Consolidated Financial Statements (Unaudited):</u> |
| | <u>Note 1 — Business, Basis of Presentation and Summary of Significant Accounting Policies</u> 6 |
| | <u>Note 2 — ASU 2018-12 Transition</u> 11 |
| | <u>Note 3 — Segment Information</u> 13 |
| | <u>Note 3 — Insurance Liabilities</u> 10 |
| | <u>Note 4 — Insurance Market Risk Benefits</u> 17 |
| | <u>Note 5 — Separate Accounts</u> 14 |
| | <u>Note 6 — Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles</u> 26 |
| | <u>Note 6 7 — Investments</u> 28 |
| | <u>Note 7 8 — Derivatives</u> 40 |
| | <u>Note 8 9 — Fair Value</u> 46 |
| | <u>Note 9 — Long-term Debt</u> 56 |
| | <u>Note 10 — Equity</u> 56 |
| | <u>Note 11 11 — Other Revenues and Other Expenses</u> 59 |
| | <u>Note 12 12 — Earnings Per Common Share</u> 60 |
| | <u>Note 13 13 — Contingencies, Commitments and Guarantees</u> 61 |
| Item 2. | <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 65 |
| Item 3. | <u>Quantitative and Qualitative Disclosures About Market Risk</u> 107 |
| Item 4. | <u>Controls and Procedures</u> 107 |
| <u>Part II — Other Information</u> | |
| Item 1. | <u>Legal Proceedings</u> 107 |
| Item 1A. | <u>Risk Factors</u> 107 |
| Item 2. | <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 108 |
| Item 5. | <u>Other Information</u> 108 |
| Item 6. | <u>Exhibits</u> 109 |
| | <u>Signature</u> 110 |

Part I — Financial Information

Item 1. Financial Statements

Brighthouse Financial, Inc.

Interim Condensed Consolidated Balance Sheets

September 30, 2023 March 31, 2024 (Unaudited) and December 31, 2022 December 31, 2023

(In millions, except share and per share data)

| | | September 30, 2023 | December 31, 2022 | | |
|---|--|-----------------------|----------------------|----------------|-------------------|
| | | March 31, 2024 | | March 31, 2024 | December 31, 2023 |
| Assets | Assets | | | | |
| Investments: | Investments: | | | | |
| Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: \$86,373 and \$84,344, respectively; allowance for credit losses of \$22 and \$7, respectively) | | \$ 75,433 | \$ 75,577 | | |
| Investments: | | | | | |
| Investments: | | | | | |
| Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: \$87,555 and \$87,131, respectively; allowance for credit losses of \$27 and \$21, respectively) | | | | | |
| Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: \$87,555 and \$87,131, respectively; allowance for credit losses of \$27 and \$21, respectively) | | | | | |
| Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: \$87,555 and \$87,131, respectively; allowance for credit losses of \$27 and \$21, respectively) | | | | | |
| Equity securities, at estimated fair value | Equity securities, at estimated fair value | 90 | 89 | | |
| Mortgage loans (net of allowance for credit losses of \$137 and \$119, respectively) | | 22,682 | 22,936 | | |
| Mortgage loans (net of allowance for credit losses of \$142 and \$137, respectively) | | | | | |
| Policy loans | Policy loans | 1,311 | 1,282 | | |
| Limited partnerships and limited liability companies | Limited partnerships and limited liability companies | 4,931 | 4,775 | | |

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| Short-term investments, principally at estimated fair value | Short-term investments, principally at estimated fair value | 1,003 | 1,081 |
| Other invested assets, principally at estimated fair value (net of allowance for credit losses of \$13 and \$13, respectively) | | 3,210 | 2,852 |
| Other invested assets, principally at estimated fair value (net of allowance for credit losses of \$12 and \$13, respectively) | | | |
| Total investments | Total investments | 108,660 | 108,592 |
| Cash and cash equivalents | Cash and cash equivalents | 3,839 | 4,115 |
| Accrued investment income | Accrued investment income | 1,143 | 885 |
| Premiums, reinsurance and other receivables (net of allowance for credit losses of \$13 and \$10, respectively) | | 19,066 | 18,548 |
| Premiums, reinsurance and other receivables (net of allowance for credit losses of \$3 and \$3, respectively) | | | |
| Deferred policy acquisition costs and value of business acquired | Deferred policy acquisition costs and value of business acquired | 4,919 | 5,084 |
| Current income tax recoverable | Current income tax recoverable | 31 | 38 |
| Deferred income tax asset | Deferred income tax asset | 2,121 | 1,736 |
| Market risk benefit assets | Market risk benefit assets | 694 | 483 |
| Other assets | Other assets | 368 | 401 |
| Separate account assets | Separate account assets | 82,675 | 84,965 |
| Total assets | Total assets | \$ 223,516 | \$ 224,847 |
| Liabilities and Equity | Liabilities and Equity | | |
| Liabilities | Liabilities | | |
| Liabilities | | | |
| Future policy benefits | | | |
| Future policy benefits | | | |
| Future policy benefits | Future policy benefits | \$ 30,404 | \$ 31,497 |

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|--|---|---|---------|
| Policyholder account balances | Policyholder account balances | 78,371 | 73,527 |
| Market risk benefit liabilities | Market risk benefit liabilities | 8,830 | 10,389 |
| Other policy-related balances | Other policy-related balances | 3,806 | 4,098 |
| Payables for collateral under securities loaned and other transactions | Payables for collateral under securities loaned and other transactions | 3,941 | 4,560 |
| Long-term debt | Long-term debt | 3,157 | 3,156 |
| Other liabilities | Other liabilities | 8,198 | 7,057 |
| Other liabilities | | | |
| Other liabilities | | | |
| Separate account liabilities | Separate account liabilities | 82,675 | 84,965 |
| | Total | | |
| Total liabilities | liabilities | 219,382 | 219,249 |
| Contingencies, Commitments and Guarantees (Note 13) | Contingencies, Commitments and Guarantees (Note 13) | Contingencies, Commitments and Guarantees (Note 13) | |
| Equity | Equity | | |
| Brighthouse Financial, Inc.'s stockholders' equity: | Brighthouse Financial, Inc.'s stockholders' equity: | | |
| Brighthouse Financial, Inc.'s stockholders' equity: | | | |
| Brighthouse Financial, Inc.'s stockholders' equity: | | | |
| Preferred stock, par value \$0.01 per share; \$1,753 aggregate liquidation preference | Preferred stock, par value \$0.01 per share; \$1,753 aggregate liquidation preference | — | — |
| Common stock, par value \$0.01 per share; 1,000,000,000 shares authorized; 122,790,019 and 122,153,422 shares issued, respectively; 64,703,557 and 68,278,068 shares outstanding, respectively | | 1 | 1 |
| Preferred stock, par value \$0.01 per share; \$1,753 aggregate liquidation preference | | | |
| Preferred stock, par value \$0.01 per share; \$1,753 aggregate liquidation preference | | | |

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| Common stock, par value \$0.01 per share; 1,000,000,000 shares authorized; 123,398,227 and 122,818,568 shares issued, respectively; 62,595,426 and 63,503,355 shares outstanding, respectively | | | |
| Additional paid-in capital | Additional paid-in capital | 14,022 | 14,075 |
| Retained earnings (deficit) | Retained earnings (deficit) | (590) | (395) |
| Treasury stock, at cost; 58,086,462 and 53,875,354 shares, respectively | | (2,248) | (2,042) |
| Treasury stock, at cost; 60,802,801 and 59,315,213 shares, respectively | | | |
| Accumulated other comprehensive income (loss) | Accumulated other comprehensive income (loss) | (7,116) | (6,106) |
| Total Brighthouse Financial, Inc.'s stockholders' equity | Total Brighthouse Financial, Inc.'s stockholders' equity | 4,069 | 5,533 |
| Noncontrolling interests | Noncontrolling interests | 65 | 65 |
| Total equity | Total equity | 4,134 | 5,598 |
| Total liabilities and equity | Total liabilities and equity | \$ 223,516 | \$ 224,847 |

See accompanying notes to the interim condensed consolidated financial statements.

Brighthouse Financial, Inc.

Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) For the Three Months Ended March 31, 2024 and Nine Months Ended September 30, 2023 and 2022 2023 (Unaudited)

(In millions, except per share data)

| | Three Months Ended | | Nine Months Ended | |
|------------------------------|--------------------|------|-------------------|------|
| | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| Three Months Ended March 31, | | | | |

| | | Three Months Ended March 31, Three Months Ended March 31, | | | | | |
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| Less: Net income (loss) attributable to noncontrolling interests | Less: Net income (loss) attributable to noncontrolling interests | 2 | 2 | 4 | 4 |
| Net income (loss) attributable to Brighthouse Financial, Inc. | Net income (loss) attributable to Brighthouse Financial, Inc. | 479 | 413 | (195) | 3,743 |
| Less: Preferred stock dividends | Less: Preferred stock dividends | 26 | 25 | 77 | 78 |
| Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders | Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders | \$ 453 | \$ 388 | \$ (272) | \$ 3,665 |
| Comprehensive income (loss) | Comprehensive income (loss) | \$ (754) | \$ (2,424) | \$ (1,201) | \$ (3,315) |
| Less: Comprehensive income (loss) attributable to noncontrolling interests | Less: Comprehensive income (loss) attributable to noncontrolling interests | 2 | 2 | 4 | 4 |
| Comprehensive income (loss) attributable to Brighthouse Financial, Inc. | Comprehensive income (loss) attributable to Brighthouse Financial, Inc. | \$ (756) | \$ (2,426) | \$ (1,205) | \$ (3,319) |

| | | | | | |
|---------------------------|---------------------------|---------|---------|-----------|----------|
| Earnings per common share | Earnings per common share | | | | |
| Earnings per common share | | | | | |
| Earnings per common share | | | | | |
| Basic | | | | | |
| Basic | | | | | |
| Basic | Basic | \$ 6.92 | \$ 5.42 | \$ (4.08) | \$ 49.31 |
| Diluted | Diluted | \$ 6.89 | \$ 5.39 | \$ (4.08) | \$ 49.00 |

See accompanying notes to the interim condensed consolidated financial statements.

Brighthouse Financial, Inc.

Interim Condensed Consolidated Statements of Equity

For the Three Months Ended March 31, 2024 and Nine Months Ended September 30, 2023 and 2022 (Unaudited)

(In millions)

| | Brighthouse Financial, Inc.'s | | | | | | | | | |
|------------------------------|-------------------------------|-------|--------------------|-----------------------|------------------|--------------------------------|-------------------------|----------|-------|----------------|
| | Accumulated | | | | | | | | | Noncontrolling |
| | Additional | | | | Retained | | Treasury | | Other | |
| | Common | | Paid-in Capital | Earnings (Deficit) | Stock at Cost | Comprehensive Income (Loss) | Stockholders' Equity | | | |
| | Preferred Stock | Stock | | | | | | | | |
| Balance at December 31, 2022 | \$ — | \$ 1 | \$ 14,075 | \$ (395) | \$ (2,042) | \$ (6,106) | | \$ 5,533 | \$ 65 | \$ 5,598 |

| | | | | | | | | | | | Brighthouse Financial, Inc.'s | | | | | | |
|--|--|------|------|-----------|------------|------------|------------|----------|---------|----------|-------------------------------|--------------|-----------------|-----------------------------|------------------------|---|--|
| | | | | | | | | | | | Preferred Stock | Common Stock | Paid-in Capital | Retained Earnings (Deficit) | Treasury Stock at Cost | Accumulated Other Comprehensive Income (Loss) | Financial, Inc.'s Stockholders' Equity |
| Balance at December 31, 2023 | | | | | | | | | | | | | | | | | |
| Treasury stock acquired in connection with share repurchases | Treasury stock acquired in connection with share repurchases | | | | | | (126) | (126) | (126) | | | | | | | | |
| Share-based compensation | Share-based compensation | — | 15 | (15) | | | | — | — | | | | | | | | |
| Dividends on preferred stock | Dividends on preferred stock | | (51) | | | | | (51) | (51) | | | | | | | | |
| Change in noncontrolling interests | Change in noncontrolling interests | | | | | | | — | (2) | (2) | | | | | | | |
| Net income (loss) | Net income (loss) | | | (674) | | | | (674) | 2 | (672) | | | | | | | |
| Other comprehensive income (loss), net of income tax | Other comprehensive income (loss), net of income tax | | | | | | | 225 | 225 | 225 | | | | | | | |
| Balance at June 30, 2023 | | — | 1 | 14,039 | (1,069) | (2,183) | (5,881) | 4,907 | 65 | 4,972 | | | | | | | |
| Treasury stock acquired in connection with share repurchases | | | | | | (64) | | (64) | | (64) | | | | | | | |
| Share-based compensation | | | — | 9 | | (1) | | 8 | | 8 | | | | | | | |
| Dividends on preferred stock | | | | (26) | | | | (26) | | (26) | | | | | | | |
| Change in noncontrolling interests | | | | | | | | — | (2) | (2) | | | | | | | |
| Net income (loss) | | | | | 479 | | | 479 | 2 | 481 | | | | | | | |
| Other comprehensive income (loss), net of income tax | | | | | | | | (1,235) | (1,235) | (1,235) | | | | | | | |
| Balance at September 30, 2023 | | \$ — | \$ 1 | \$ 14,022 | \$ (590) | \$ (2,248) | \$ (7,116) | \$ 4,069 | \$ 65 | \$ 4,134 | | | | | | | |
| Balance at March 31, 2024 | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | Brighthouse Financial, Inc.'s | | | | | | |
| | | | | | | | | | | | Preferred Stock | Common Stock | Paid-in Capital | Retained Earnings (Deficit) | Treasury Stock at Cost | Accumulated Other Comprehensive Income (Loss) | Financial, Inc.'s Stockholders' Equity |
| | | | | | | | | | | | Preferred Stock | Common Stock | Paid-in Capital | Retained Earnings (Deficit) | Treasury Stock at Cost | Accumulated Other Comprehensive Income (Loss) | Financial, Inc.'s Stockholders' Equity |
| Balance at December 31, 2021 | | \$ — | \$ 1 | \$ 14,154 | \$ (4,274) | \$ (1,543) | \$ 47 | \$ 8,385 | \$ 65 | \$ 8,450 | | | | | | | |
| Balance at December 31, 2022 | | | | | | | | | | | | | | | | | |
| Treasury stock acquired in connection with share repurchases | Treasury stock acquired in connection with share repurchases | | | | | (259) | | (259) | | (259) | | | | | | | |
| Share-based compensation | Share-based compensation | — | 12 | (11) | | | | 1 | | 1 | | | | | | | |
| Dividends on preferred stock | Dividends on preferred stock | | (53) | | | | | (53) | | (53) | | | | | | | |
| Change in noncontrolling interests | Change in noncontrolling interests | | | | | | | — | (2) | (2) | | | | | | | |
| Net income (loss) | Net income (loss) | | | | 3,330 | | | 3,330 | 2 | 3,332 | | | | | | | |

| Other comprehensive income (loss), net of income tax | Other comprehensive income (loss), net of income tax | | | | | | | | | |
|--|--|------|------|-----------|----------|------------|------------|----------|---------|----------|
| | | | | | | (4,223) | (4,223) | | (4,223) | |
| Balance at June 30, 2022 | | — | 1 | 14,113 | (944) | (1,813) | (4,176) | 7,181 | 65 | 7,246 |
| Treasury stock acquired in connection with share repurchases | | | | | | (136) | | (136) | | (136) |
| Share-based compensation | | — | 7 | | | — | | 7 | | 7 |
| Dividends on preferred stock | | | | (25) | | | | (25) | | (25) |
| Change in noncontrolling interests | | | | | | | | — | (2) | (2) |
| Net income (loss) | | | | | 413 | | | 413 | 2 | 415 |
| Other comprehensive income (loss), net of income tax | | | | | | | (2,839) | (2,839) | | (2,839) |
| Balance at September 30, 2022 | | \$ — | \$ 1 | \$ 14,095 | \$ (531) | \$ (1,949) | \$ (7,015) | \$ 4,601 | \$ 65 | \$ 4,666 |
| Balance at March 31, 2023 | | | | | | | | | | |

See accompanying notes to the interim condensed consolidated financial statements.

Brighthouse Financial, Inc.

Interim Condensed Consolidated Statements of Cash Flows

For the **Nine** **Three** Months Ended **September 30, 2023** **March 31, 2024** and **2022** **2023** (Unaudited)

(In millions)

| | | Nine Months Ended September 30, | | | |
|---|---|---------------------------------|-----------|------------------------------|------|
| | | 2023 | 2022 | | |
| | | Three Months Ended March 31, | | Three Months Ended March 31, | |
| | | 2024 | | 2024 | 2023 |
| Net cash provided by (used in) operating activities | Net cash provided by (used in) operating activities | \$ (289) | \$(1,002) | | |
| Cash flows from investing activities | Cash flows from investing activities | | | | |
| Sales, maturities and repayments of: | Sales, maturities and repayments of: | | | | |
| Sales, maturities and repayments of: | Sales, maturities and repayments of: | | | | |
| Fixed maturity securities | Fixed maturity securities | | | | |
| Fixed maturity securities | Fixed maturity securities | 4,588 | 8,479 | | |

| | | | |
|---|---|---------|----------|
| Equity securities | Equity securities | 16 | 41 |
| Mortgage loans | Mortgage loans | 904 | 1,770 |
| Limited partnerships and limited liability companies | Limited partnerships and limited liability companies | 136 | 180 |
| Purchases of: | Purchases of: | | |
| Fixed maturity securities | | | |
| Fixed maturity securities | | | |
| Fixed maturity securities | Fixed maturity securities | (6,626) | (14,333) |
| Equity securities | Equity securities | (6) | (37) |
| Mortgage loans | Mortgage loans | (659) | (4,059) |
| Limited partnerships and limited liability companies | Limited partnerships and limited liability companies | (336) | (619) |
| Cash received in connection with freestanding derivatives | Cash received in connection with freestanding derivatives | 4,013 | 3,778 |
| Cash paid in connection with freestanding derivatives | Cash paid in connection with freestanding derivatives | (4,640) | (3,395) |
| Net change in policy loans | Net change in policy loans | (29) | (9) |
| Net change in policy loans | | | |
| Net change in policy loans | | | |
| Net change in short-term investments | Net change in short-term investments | 112 | 716 |
| Net change in other invested assets | Net change in other invested assets | (117) | (108) |
| Net cash provided by (used in) investing activities | Net cash provided by (used in) investing activities | (2,644) | (7,596) |
| Net cash provided by (used in) investing activities | | | |
| Net cash provided by (used in) investing activities | | | |
| Cash flows from financing activities | Cash flows from financing activities | | |

| | | | |
|--|--|----------|----------|
| Policyholder account balances: | Policyholder account balances: | | |
| Policyholder account balances: | Policyholder account balances: | | |
| Deposits | Deposits | | |
| Deposits | Deposits | | |
| Deposits | Deposits | 16,292 | 23,545 |
| Withdrawals | Withdrawals | (12,773) | (14,264) |
| Net change in payables for collateral under securities loaned and other transactions | Net change in payables for collateral under securities loaned and other transactions | (619) | 263 |
| Long-term debt repaid | | (1) | (2) |
| Dividends on preferred stock | Dividends on preferred stock | | |
| Dividends on preferred stock | Dividends on preferred stock | | |
| Dividends on preferred stock | Dividends on preferred stock | (77) | (78) |
| Treasury stock acquired in connection with share repurchases | Treasury stock acquired in connection with share repurchases | (190) | (395) |
| Financing element on certain derivative instruments and other derivative related transactions, net | Financing element on certain derivative instruments and other derivative related transactions, net | | |
| Financing element on certain derivative instruments and other derivative related transactions, net | Financing element on certain derivative instruments and other derivative related transactions, net | | |
| Financing element on certain derivative instruments and other derivative related transactions, net | Financing element on certain derivative instruments and other derivative related transactions, net | 43 | (137) |
| Other, net | Other, net | (18) | (15) |
| Net cash provided by (used in) financing activities | Net cash provided by (used in) financing activities | 2,657 | 8,917 |

| | | | |
|---|---|----------|----------|
| Change in cash, cash equivalents and restricted cash | Change in cash, cash equivalents and restricted cash | (276) | 319 |
| Cash, cash equivalents and restricted cash, beginning of period | Cash, cash equivalents and restricted cash, beginning of period | 4,115 | 4,474 |
| Cash, cash equivalents and restricted cash, end of period | Cash, cash equivalents and restricted cash, end of period | \$ 3,839 | \$ 4,793 |
| Supplemental disclosures of cash flow information | Supplemental disclosures of cash flow information | | |
| Net cash paid (received) for: | Net cash paid (received) for: | | |
| Net cash paid (received) for: | Net cash paid (received) for: | | |
| Interest | Interest | | |
| Interest | Interest | \$ 82 | \$ 83 |
| Income tax | Income tax | \$ 1 | \$ (120) |

See accompanying notes to the interim condensed consolidated financial statements.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies

Business

Brighthouse Financial, Inc. ("BHF" and together with its subsidiaries, "Brighthouse Financial" or the "Company") is a holding company formed in 2016 to own the legal entities that historically operated a substantial portion of MetLife, Inc.'s former retail segment until becoming a separate, publicly-traded company in August 2017. Brighthouse Financial is one of the largest providers of annuity and life insurance products in the U.S. through multiple independent distribution channels and marketing arrangements with a diverse network of distribution partners. The Company is organized into three segments: Annuities; Life; and Run-off. In addition, the Company reports certain of its results of operations in Corporate & Other.

Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported on the interim condensed consolidated financial statements. In applying these policies and estimates, management makes subjective and complex judgments that frequently require assumptions about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to the Company's business and operations. Actual results could differ from these estimates.

Consolidation

The accompanying interim condensed consolidated financial statements include the accounts of Brighthouse Financial, as well as partnerships and limited liability companies ("LLC") that the Company controls. Intercompany accounts and transactions have been eliminated.

The Company uses the equity method of accounting for investments in limited partnerships and LLCs when it has more than a minor ownership interest or more than a minor influence over the investee's operations. The Company generally recognizes its share of the investee's earnings on a three-month lag in instances where the investee's financial information is not sufficiently timely or when the investee's reporting period differs from the Company's reporting period. When the Company has virtually no influence over the investee's operations, the investment is carried at fair value.

The accompanying interim condensed consolidated financial statements are unaudited and reflect all adjustments (including normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in conformity with GAAP. Interim results are not necessarily indicative of full year performance. The **December 31, 2022** **December 31, 2023** consolidated balance sheet data was derived from audited consolidated financial statements included in Brighthouse Financial, Inc.'s Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023** (the "**2022**" **2023** Annual Report"), which include all disclosures required by GAAP. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company included in the **2022** **2023** Annual Report.

Reclassifications

Certain amounts in the prior year period's interim condensed consolidated financial statements and related footnotes thereto have been reclassified to conform with the 2023 presentation as discussed throughout the Notes to the Interim Condensed Consolidated Financial Statements. See "— Adoption of New Accounting Pronouncements" for discussion of the adoption of new guidance on long-duration contracts in the first quarter of 2023, parts of which were retrospectively applied to prior periods presented in the interim condensed consolidated financial statements.

Summary of Significant Accounting Policies

In connection with the adoption of new guidance on long-duration insurance contracts, the Company updated its impacted accounting policies as described below. See Note 1 of the Notes to the Consolidated Financial Statements included in the 2022 Annual Report for a description of the Company's accounting policies that did not change.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

Insurance Contract Obligations

The Company has obligations under insurance contracts to pay benefits over an extended period of time. The Company establishes liabilities for future obligations under long-duration insurance contracts based on the accounting model appropriate for each type of contract or contract feature. Liabilities for insurance contract benefits are generally accrued over time as revenue is recognized, or established based on the balance that accrues to the contract holder. In addition, certain insurance contracts may contain features that are required to be measured at fair value separately from the base contracts, either as a market risk benefit or embedded derivative.

The discussion below provides an overview of the different accounting models for insurance contract obligations and the applicability of such models to the Company's insurance products.

Liability for Future Policy Benefits

The Company establishes a liability for future policy benefits ("LFPB") for non-participating term and whole life insurance and income annuities. LFPBs are accrued over time as revenue is recognized based on a net premium ratio. The net premium ratio is the portion of gross premiums required to provide for all future benefits. LFPBs are established using the Company's current assumptions of future cash flows, discounted at a rate that approximates a single A corporate bond curve. The Company generally aggregates insurance contracts into groupings by issue year, product and segment for determining the net premium ratio and related LFPBs.

The Company reviews cash flow assumptions regularly, and if they change significantly, LFPBs are adjusted by determining a revised net premium ratio. The revised net premium ratio is calculated as of contract inception using both actual historical experience and updated future cash flow assumptions. The recalculated net premium ratio is applied to derive a remeasurement gain or loss recognized in the current period net income. For insurance policies in-force as of December 31, 2020, January 1, 2021 is considered the contract inception date. The net premium ratio is also updated quarterly for the difference between actual and expected experience.

The net premium ratio is not updated for changes in discount rate assumptions, as changes in the discount rate are updated quarterly and the impacts are reflected in other comprehensive income (loss) ("OCI"). The discount rate assumption is determined by developing a yield curve based on market observable yields for upper-medium grade fixed income instruments derived from an external index. The yield curve is applied to the expected future cash flows used in the measurement of LFPBs based on the duration characteristics of those liabilities.

The most significant cash flow assumptions used in the establishment of LFPBs are mortality, policy lapses and market interest rates. See Note 4 for more information on the effect of changes in assumptions on the measurement of LFPBs.

The Company also establishes an LFPB for participating term and whole life insurance using a net premium ratio and the Company's current assumptions of future cash flows. Assumptions are determined at issuance of the policy and are not updated unless a premium deficiency exists. A premium deficiency exists when the LFPB plus the present value of expected future gross premiums are less than expected future benefits and expenses (based on current assumptions). When a premium deficiency exists, the Company will reduce any deferred acquisition costs and may also establish an additional liability to eliminate the deficiency. See Note 4 for more information on assumptions used in establishing LFPBs related to participating term and whole life insurance.

Policyholder Account Balances

The Company establishes a policyholder account balance liability for customer deposits on universal life insurance, universal life insurance with secondary guarantees ("ULSG") and deferred annuity contracts. The policyholder account balance liability is equal to the sum of deposits, plus interest credited, less charges and withdrawals, excluding the impact of any applicable charge that may be incurred upon surrender. The Company also holds additional liabilities for certain product features including secondary guarantees on universal life insurance contracts and the crediting rates associated with index-linked annuities.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

Additional Liabilities for ULSC

The Company establishes a liability in addition to the account balance for secondary guarantees on universal life insurance. These liabilities are determined by estimating the expected value of death benefits payable when the account balance is projected to be zero and recognizing those benefits ratably over the contract period based on total expected assessments. The benefits used in calculating the liabilities are based on the average benefits payable over a range of scenarios. The Company also maintains a liability for profits followed by losses on ULSC determined by projecting future earnings and establishing a liability to offset losses that are expected to occur in later years. Both ULSC liabilities are adjusted for the effects of unrealized investment gains and losses.

The Company reviews cash flow assumptions regularly, and, if they change significantly, the liability for secondary guarantees is adjusted by a cumulative charge or credit to net income. Liabilities for secondary guarantees are presented within future policy benefits with changes in the liabilities reported in policyholder benefits and claims, except for the effects of unrealized investment gains and losses, which are reported in OCI.

The most significant assumptions used in estimating liabilities for secondary guarantees are the general account rate of return, premium persistency, mortality and lapses. See Note 4 for more information on the effect of changes in assumptions on the measurement of liabilities for secondary guarantees.

Market Risk Benefits on Annuity Guarantees

Market risk benefits ("MRB") are contracts or contract features that provide protection to the policyholder from capital markets risk by transferring such risks to the Company. MRBs are required to be separated from the deferred annuity host contract and measured at fair value. The Company establishes MRB assets and liabilities for guaranteed minimum benefits on variable annuity contracts including guaranteed minimum death benefits ("GMDB"), guaranteed minimum income benefits ("GMIB"), guaranteed minimum accumulation benefits ("GMAB") and guaranteed minimum withdrawal benefits ("GMWB"). MRB assets are also established for reinsured benefits related to these guarantees. Certain index-linked annuity products may also have guaranteed minimum benefits classified as MRBs.

The measurement of fair value includes an adjustment for the risk that the Company fails to satisfy its obligations, which is referred to as nonperformance risk, as well as risk margin to capture the non-capital markets risks of the instrument, which represents the additional compensation a market participant would require to assume the risks related to the uncertainties in certain actuarial assumptions. MRBs are measured at estimated fair value, with changes reported in change in MRBs on the consolidated statements of operations, except for the change due to nonperformance risk, which is reported in OCI.

See Note 4 for more information on the effect of changes in inputs and assumptions on the measurement of MRBs and Note 8 for more information on the determination of fair value of MRBs.

Embedded Derivatives on Index-Linked Annuities

The Company issues, and assumes through reinsurance, index-linked annuities which allow the policyholder to participate in returns from certain specified equity indices. The crediting rates associated with these features are classified as embedded derivatives and measured at estimated fair value, with changes in estimated fair value reported in net derivative gains (losses). These embedded derivatives are classified within policyholder account balances on the consolidated balance sheets.

Embedded derivative liabilities are required to be separated from the deferred annuity host contract and measured at fair value. The estimated fair value is determined using a combination of an option pricing model and an option-budget approach. Under this approach, the Company estimates the cost of funding the crediting rate using option pricing and establishes that cost on the balance sheet as a reduction to the initial deposit amount. The estimate of fair value includes an adjustment for nonperformance risk, as well as a risk margin.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

Actuarial assumptions are reviewed at least annually, and if they change significantly, the estimated fair value is adjusted through net income. Capital market inputs used in the measurement of index-linked crediting rate embedded derivatives are updated quarterly through net income. The reduction to the initial deposit is accreted back up to the initial deposit over the estimated life of the contract. Embedded derivatives related to index-linked annuities are presented within policyholder account balances while changes in the estimated fair value are reported in net derivative gains (losses).

For more information on the determination of estimated fair value of embedded derivatives, see Note 8.

Recognition of Revenues and Deposits on Insurance Contracts

Premiums related to traditional long-duration contracts are recognized as revenues when due from policyholders. When premiums for income annuities are due over a significantly shorter period than the period over which policyholder benefits are incurred, the Company establishes a deferred profit liability ("DPL") for the excess of the gross premium over the net premium. DPLs are amortized into net income in proportion to the amount of expected future benefit payments. Assumptions used in the measurement of the DPL are updated at the same time as the related LFPBs, with the updated estimates used to recalculate the DPL as of contract inception. The remeasurement gain or loss from updating DPLs is recognized in current period net income along with the related change in LFPBs.

Deposits related to universal life insurance, deferred annuity contracts and investment contracts are credited to policyholder account balances. Revenues from such contracts consist of asset-based investment management fees, cost of insurance charges, risk charges, policy administration fees and surrender charges. These fees, which are included in universal life and investment-type product policy fees, are recognized when assessed to the contract holder, except for non-level insurance charges which are deferred by the establishment of an unearned revenue liability and amortized over the expected life of the contracts.

Premiums and policy fees are presented net of reinsurance.

Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles

The Company incurs significant costs in connection with acquiring new and renewal insurance business. Costs that are directly related to the successful acquisition or renewal of insurance contracts are capitalized as deferred policy acquisition costs ("DAC"). These costs mainly consist of commissions and include the portion of employees' compensation and benefits related to time spent selling, underwriting or processing the issuance of new insurance contracts. All other acquisition-related costs are expensed as incurred.

Value of business acquired ("VOBA") is an intangible asset resulting from a business combination that represents the excess of book value over the estimated fair value of acquired insurance, annuity and investment-type contracts in-force as of the acquisition date.

The Company amortizes DAC and VOBA in a manner that approximates a straight-line basis over the expected life of the related contracts. For life insurance contracts, amortization is based on projections of amounts of insurance in-force, while projections of policy counts are used for deferred annuity contracts and expected future benefits payments for income annuities. These assumptions are reviewed at least annually, and if they change significantly, updates are recognized through changes to future amortization. VOBA balances are tested annually to determine if the balance is deemed unrecoverable from expected future profits. All changes in DAC and VOBA balances are recorded to net income.

Periodically, the Company modifies product benefits, features, rights or coverages that occur by the exchange of an existing contract for a new contract, or by amendment, endorsement, or rider to a contract, or by election or coverage within a contract. If a modification is considered to have substantially changed the contract, the associated DAC or VOBA is written off immediately through net income and any new acquisition costs associated with the replacement contract are deferred. If the modification does not substantially change the contract, the DAC or VOBA amortization on the original contract will continue and any acquisition costs associated with the related modification are expensed.

The Company also has intangible assets representing deferred sales inducements ("DSI"), which are included in other assets, and unearned revenue liabilities, which are included in other policy-related balances. The Company defers sales inducements and unearned revenue and amortizes the balances using the same methodology and assumptions used to amortize DAC and VOBA.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of accounting standards updates ("ASU") to the FASB Accounting Standards Codification. The Company considers the applicability and impact of all ASUs. Except as noted below, there were no significant ASUs adopted during the period ended September 30, 2023 March 31, 2024.

Future Adoption of New Accounting Pronouncements

In March 2022, December 2023, the FASB issued new guidance on Troubled Debt Restructurings ("TDR") Income Tax Disclosures (ASU 2022-02, Financial Instruments—Credit Losses 2023-09, Income Taxes (Topic 326) 740): Troubled Debt Restructurings and Vintage Improvements to Income Tax Disclosures). This ASU eliminates TDR recognition updates the required income tax disclosures to include disclosure of income taxes paid disaggregated by jurisdiction and measurement guidance and, instead, requires that an entity evaluate (consistent with greater disaggregation of information in the accounting for other loan modifications) whether the modification represents a new loan or a continuation of an existing loan. The amendments also enhance existing disclosure requirements and introduce new requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. The Company adopted this guidance on January 1, 2023, required rate reconciliation. This ASU was applied prospectively and did not have a material impact on the consolidated financial statements upon adoption but could change the future recognition and measurement of modified loans and other receivables.

In August 2018, the FASB issued new guidance on long-duration contracts (ASU 2018-12, Financial Services-Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts ("LDTI")). LDTI is effective for fiscal years beginning after January 1, 2023. LDTI resulted in significant changes to the measurement, presentation starting January 1, 2025, and disclosure requirements for long-duration insurance contracts. A summary of the most significant changes is provided below:

(1) Guaranteed benefits associated with variable annuity and certain fixed annuity contracts have been classified and presented separately on the consolidated balance sheets as MRBs. MRBs are now measured at estimated fair value through net income and reported separately on the consolidated statements of operations, except for nonperformance risk changes, which will be recognized in OCI.

(2) Cash flow assumptions used to measure LFPBs on traditional long-duration contracts (including term and non-participating whole life insurance and immediate annuities) have been updated on an annual basis using a retrospective method. The resulting remeasurement gain or loss is now reported separately on the consolidated statements of operations along with the remeasurement gain or loss on universal life-type contract liabilities.

(3) The discount rate assumption used to measure the liability for traditional long-duration contracts is now based on an upper-medium grade fixed income yield, updated quarterly, with changes recognized in OCI.

(4) DAC for all insurance products are required to be amortized on a constant-level basis over the expected term of the contracts, using amortization methods that are not a function of revenue or profit emergence. Changes in assumptions used to amortize DAC have been recognized as a revision to future amortization amounts.

(5) There was a significant increase in required disclosures, including disaggregated rollforwards of insurance contract assets and liabilities supplemented by qualitative and quantitative information regarding the cash flows, assumptions, methods and judgements used to measure those balances.

The transition date was January 1, 2021. MRB changes were required to be applied on a retrospective basis, while the changes for insurance liability assumption updates and DAC amortization were applied to existing carrying amounts on the transition date.

The cumulative effect, on an after-tax basis, of the adoption of ASU 2018-12 as of the transition date was a \$5.4 billion decrease to retained earnings and a \$3.9 billion decrease to accumulated other comprehensive income (loss) ("AOCI"). See Note 2 for more detailed information on the impacts of the ASU to the Company's financial statements.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

2. ASU 2018-12 Transition

prospective basis. The Company adopted ASU 2018-12 for LFPBs, DAC and other balances amortized is currently evaluating the impact of this guidance on a basis consistent with DAC by applying the guidance to contracts in-force on the basis of their existing carrying amounts at the transition date. The Company adopted ASU 2018-12 for MRBs on a fully retrospective basis.

The effect of transition adjustments on stockholders' equity at January 1, 2021 due to the adoption of ASU 2018-12 was as follows:

| | Retained Earnings (Deficit) | | AOCI | |
|--|-----------------------------|---------|------|---------|
| | (In millions) | | | |
| Liability for future policy benefits | \$ | (436) | \$ | (2,073) |
| Market risk benefits and related adjustments | | (6,237) | | (3,454) |
| DAC and VOBA | | — | | 520 |
| Reinsurance recoverables | | (141) | | 34 |
| Deferred income tax asset | | 1,431 | | 1,044 |
| Total | \$ | (5,383) | \$ | (3,929) |

For LFPBs, the transition adjustment to retained earnings relates to instances where net premiums exceed gross premiums resulting in LFPBs being increased to eliminate the premium deficiency. The premium deficiency primarily relates to structured settlement annuities. The transition adjustment related to AOCI represents the effect of the requirement to discount LFPBs based on an upper-medium grade fixed income rate as well as the removal of amounts previously recorded in AOCI for the effects of unrealized investment gains and losses.

For MRBs, the transition adjustment to AOCI relates to the cumulative effect of changes in the nonperformance risk between contract issue date and transition date. In aggregate, the additional spread applied to the risk-free rate decreased from contract inception to the transition date, which had a negative impact on equity. The remaining difference between the estimated fair value and carrying amount of MRBs at transition, excluding the amounts recorded in AOCI, was recorded as an adjustment to retained earnings as of the transition date. its financial statements.

For DAC and VOBA, the Company removed amounts previously recorded in AOCI for the effect of unrealized investment gains and losses.

For reinsurance, the adjustments to both retained earnings and AOCI were made to align the measurement of reinsurance recoverables with the related LFPBs.

The balances of and changes in LFPBs at January 1, 2021 due to the adoption of ASU 2018-12 were as follows:

| | Term and Whole Life | | Structured Settlement and Pension Risk | |
|---|---------------------|------------------|--|---------|
| | Insurance | Income Annuities | Transfer Annuities | |
| | (In millions) | | | |
| Balance at December 31, 2020 | \$ 2,854 | \$ 4,311 | \$ | 10,115 |
| Removal of related balances in AOCI | — | (203) | | (1,784) |
| Change in cash flow assumptions | 14 | (171) | | 200 |
| Initial recognition of deferred profit liabilities | — | 176 | | 217 |
| Change in discount rate assumptions | 536 | 754 | | 2,770 |
| Adjusted balance at January 1, 2021 | 3,404 | 4,867 | | 11,518 |
| Less: Reinsurance recoverable | 85 | 29 | | 102 |
| Adjusted balance at January 1, 2021, net of reinsurance | \$ 3,319 | \$ 4,838 | \$ | 11,416 |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

2. ASU 2018-12 Transition 1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

In November 2023, the FASB issued new guidance on Segment Reporting Disclosures (ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*). This ASU updates reportable segment disclosures primarily through enhanced disclosures about significant segment expenses. This ASU does not change how a company identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. This ASU is effective for fiscal years starting January 1, 2024, and for interim periods starting January 1, 2025, and will be applied on a retrospective basis. The balance Company is currently evaluating the impact of and changes in liabilities classified as MRBs at January 1, 2021 due to the adoption of ASU 2018-12 were as follows:

| | Variable Annuities |
|--|--------------------|
| | (In millions) |
| Balance at December 31, 2020 | \$ 8,924 |
| Adjustment for the difference between carrying amount and estimated fair value, except for the difference due to nonperformance risk | 6,010 |
| Adjustment for cumulative effect of changes in nonperformance risk since issuance | 3,454 |
| Adjusted balance at January 1, 2021 | 18,388 |
| Less: Reinsurance recoverable | 169 |
| Adjusted balance at January 1, 2021, net of reinsurance | \$ 18,219 |

The balances of and changes in DAC and VOBA this guidance on January 1, 2021 due to the adoption of ASU 2018-12 were as follows:

| | Variable Annuities | Fixed Rate Annuities | Index-Linked Annuities | Term and Whole Life Insurance | Universal Life Insurance |
|-------------------------------------|--------------------|----------------------|------------------------|-------------------------------|--------------------------|
| | (In millions) | | | | |
| DAC: | | | | | |
| Balance at December 31, 2020 | \$ 2,440 | \$ 64 | \$ 886 | \$ 527 | \$ 492 |
| Removal of related amounts in AOCI | 472 | — | — | — | (23) |
| Adjusted balance at January 1, 2021 | \$ 2,912 | \$ 64 | \$ 886 | \$ 527 | \$ 469 |
| VOBA: | | | | | |
| Balance at December 31, 2020 | \$ 363 | \$ 76 | \$ — | \$ 8 | \$ 55 |
| Removal of related amounts in AOCI | 65 | — | — | — | 6 |
| Adjusted balance at January 1, 2021 | \$ 428 | \$ 76 | \$ — | \$ 8 | \$ 61 |

its financial statements.

The following tables present amounts previously reported in 2022 and 2021, the effect on those amounts of the change due to the adoption of ASU 2018-12 as described in Note 1, and the currently reported amounts in the Unaudited Interim Consolidated Balance Sheets and Unaudited Interim Consolidated Statements of Operations and Comprehensive Income (Loss). See Notes 4 and 5 for more information.

| | December 31, 2022 | | | December 31, 2021 | | |
|---|------------------------|------------------|-----------------------|------------------------|------------------|-----------------------|
| | As Previously Reported | Effect of Change | As Currently Reported | As Previously Reported | Effect of Change | As Currently Reported |
| | (In millions) | | | | | |
| Total assets | \$ 225,580 | \$ (733) | \$ 224,847 | \$ 259,840 | \$ 2,417 | \$ 262,257 |
| Future policy benefits | \$ 41,569 | \$ (10,072) | \$ 31,497 | \$ 43,807 | \$ (3,817) | \$ 39,990 |
| Policyholder account balances | \$ 74,836 | \$ (1,309) | \$ 73,527 | \$ 66,851 | \$ (1,602) | \$ 65,249 |
| Market risk benefit liabilities | \$ — | \$ 10,389 | \$ 10,389 | \$ — | \$ 16,034 | \$ 16,034 |
| Total liabilities | \$ 219,542 | \$ (293) | \$ 219,249 | \$ 243,633 | \$ 10,174 | \$ 253,807 |
| Retained earnings (deficit) | \$ (637) | \$ 242 | \$ (395) | \$ (642) | \$ (3,632) | \$ (4,274) |
| Accumulated other comprehensive income (loss) | \$ (5,424) | \$ (682) | \$ (6,106) | \$ 4,172 | \$ (4,125) | \$ 47 |
| Total equity | \$ 6,038 | \$ (440) | \$ 5,598 | \$ 16,207 | \$ (7,757) | \$ 8,450 |
| Total liabilities and equity | \$ 225,580 | \$ (733) | \$ 224,847 | \$ 259,840 | \$ 2,417 | \$ 262,257 |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

2. ASU 2018-12 Transition (continued)

| | Year Ended December 31, 2022 | | | Year Ended December 31, 2021 | | |
|--|------------------------------|------------------|-----------------------|------------------------------|------------------|-----------------------|
| | As Previously Reported | Effect of Change | As Currently Reported | As Previously Reported | Effect of Change | As Currently Reported |
| | (In millions) | | | | | |
| Universal life and investment-type product policy fees | \$ 3,141 | \$ (706) | \$ 2,435 | \$ 3,636 | \$ (656) | \$ 2,980 |
| Net derivative gains (losses) | \$ 304 | \$ (896) | \$ (592) | \$ (2,469) | \$ (1,514) | \$ (3,983) |

| | | | | | | | | | | | | |
|----------------------------------|----|-------|----|---------|----|---------|----|-------|----|---------|----|---------|
| Total revenues | \$ | 8,473 | \$ | (1,600) | \$ | 6,873 | \$ | 7,142 | \$ | (2,166) | \$ | 4,976 |
| Policyholder benefits and claims | \$ | 4,165 | \$ | (1,972) | \$ | 2,193 | \$ | 3,443 | \$ | (697) | \$ | 2,746 |
| Change in market risk benefits | \$ | — | \$ | (4,104) | \$ | (4,104) | \$ | — | \$ | (4,134) | \$ | (4,134) |
| Total expenses | \$ | 8,645 | \$ | (6,504) | \$ | 2,141 | \$ | 7,350 | \$ | (4,383) | \$ | 2,967 |
| Net income (loss) | \$ | 10 | \$ | 3,874 | \$ | 3,884 | \$ | (103) | \$ | 1,751 | \$ | 1,648 |

3. Segment Information

The Company is organized into three segments: Annuities; Life; and Run-off. In addition, the Company reports certain of its results of operations in Corporate & Other.

Annuities

The Annuities segment consists of a variety of variable, fixed, index-linked and income annuities designed to address contract holders' needs for protected wealth accumulation on a tax-deferred basis, wealth transfer and income security.

Life

The Life segment consists of insurance products, including term, universal, whole and variable life products designed to address policyholders' needs for financial security and protected wealth transfer, which may be on a tax-advantaged basis.

Run-off

The Run-off segment consists primarily of products that are no longer actively sold and are separately managed, including ULSG, universal life with secondary guarantees ("ULSG"), structured settlements, pension risk transfer contracts, certain company-owned life insurance policies and certain funding agreements.

Corporate & Other

Corporate & Other contains the excess capital not allocated to the segments and interest expense related to the Company's outstanding debt, as well as expenses associated with certain legal proceedings and income tax audit issues. Corporate & Other also includes long-term care business reinsured through 100% quota share reinsurance agreements and activities related to funding agreements associated with the Company's institutional spread margin business.

In connection with the adoption of ASU 2018-12, the Company reclassified direct-to-consumer life insurance that is no longer sold from Corporate & Other to the Life segment. The segment information below reflects the direct-to consumer life insurance in the Life segment for all periods presented.

Financial Measures and Segment Accounting Policies

Adjusted earnings is a financial measure used by management to evaluate performance and facilitate comparisons to industry results. Consistent with GAAP guidance for segment reporting, adjusted earnings is also used to measure segment performance. The Company believes the presentation of adjusted earnings, as the Company measures it for management purposes, enhances the understanding of its performance by the investor community by highlighting the results of operations and the underlying profitability drivers of the business.

Adjusted earnings, which may be positive or negative, focuses on the Company's primary businesses by excluding the impact of market volatility, which could distort trends.

Brighthouse Financial, Inc.

Notes The Company uses the term "adjusted loss" throughout this report to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

3. Segment Information (continued)

refer to negative adjusted earnings values.

The following are significant items excluded from total revenues in calculating adjusted earnings:

- Net investment gains (losses); and
- Net derivative gains (losses), excluding earned income and amortization of premium on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment ("Investment Hedge Adjustments").

The following are significant items excluded from total expenses in calculating adjusted earnings:

- Change in MRBs; market risk benefits ("MRB"); and
- Change in fair value of the crediting rate on experience-rated contracts ("Market Value Adjustments").

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

2. Segment Information (continued)

The provision for income tax related to adjusted earnings is calculated using the statutory tax rate of 21%, net of impacts related to the dividends received deduction, tax credits and current period non-recurring items.

The Company's adjusted earnings definition and presentation has been updated for all periods presented to reflect the adoption of ASU 2018-12.

The segment accounting policies are the same as those used to prepare the Company's interim condensed consolidated financial statements, except for the adjustments to calculate adjusted earnings described above. In addition, segment accounting policies include the methods of capital allocation described below.

Segment investment and capitalization targets are based on statutory oriented risk principles and metrics. Segment invested assets backing liabilities are based on net statutory liabilities plus excess capital. For the variable annuity business, the excess capital held is based on the target statutory total asset requirement consistent with the Company's variable annuity risk management strategy. For insurance businesses other than variable annuities, excess capital held is based on a percentage of required statutory risk-based capital. Assets in excess of those allocated to the segments, if any, are held in Corporate & Other. Segment net investment income reflects the performance of each segment's respective invested assets.

Operating results by segment, as well as Corporate & Other, were as follows:

| | | Three Months Ended September 30, 2023 | | | | | | | | |
|---|--|---------------------------------------|------|---------|---------|-----------------------------------|--------|---------|-------------------|-------|
| | | Run- Corporate | | | | | Total | | | |
| | | Annuities | Life | off | & Other | | | | | |
| | | (In millions) | | | | | | | | |
| Pre-tax adjusted earnings | | \$ | 393 | \$ (93) | \$ 120 | \$ 9 | \$ 429 | | | |
| | | Three Months Ended March 31, 2024 | | | | Three Months Ended March 31, 2024 | | | | |
| | | Annuities | | | | Annuities | Life | Run-off | Corporate & Other | Total |
| | | (In millions) | | | | (In millions) | | | | |
| Pre-tax adjusted earnings (loss) | | | | | | | | | | |
| Provision for income tax expense (benefit) | Provision for income tax expense (benefit) | 74 | (20) | 25 | (4) | 75 | | | | |
| Post-tax adjusted earnings | | 319 | (73) | 95 | 13 | 354 | | | | |
| Post-tax adjusted earnings (loss) | | | | | | | | | | |
| Less: Net income (loss) attributable to noncontrolling interests | Less: Net income (loss) attributable to noncontrolling interests | — | — | — | 2 | 2 | | | | |
| Less: Preferred stock dividends | Less: Preferred stock dividends | — | — | — | 26 | 26 | | | | |
| Adjusted earnings | | \$ | 319 | \$ (73) | \$ 95 | \$ (15) | 326 | | | |
| Adjusted earnings (loss) | | | | | | | | | | |
| Adjustments for: | Adjustments for: | | | | | | | | | |
| Net investment gains (losses) | Net investment gains (losses) | | | | | | (53) | | | |
| Net derivative gains (losses), excluding investment hedge adjustments of \$25 | | | | | | | (865) | | | |
| Net investment gains (losses) | | | | | | | | | | |
| Net investment gains (losses) | | | | | | | | | | |
| Net derivative gains (losses), excluding investment hedge adjustments of \$13 | | | | | | | | | | |
| Change in market risk benefits | Change in market risk benefits | | | | | | 1,064 | | | |
| Market value adjustments | Market value adjustments | | | | | | 15 | | | |
| Provision for income tax (expense) benefit | Provision for income tax (expense) benefit | | | | | | (34) | | | |

| | | | | | | | |
|--|--|----|-----|-------|-------|----|--------|
| Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders | Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders | | | | | | \$ 453 |
| Interest revenue | Interest revenue | \$ | 652 | \$115 | \$300 | \$ | 160 |
| Interest revenue | | | | | | | |
| Interest revenue | | | | | | | |
| Interest expense | Interest expense | \$ | — | \$ | — | \$ | 38 |
| Interest expense | | | | | | | |
| Interest expense | | | | | | | |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

2. Segment Information (continued)

| | Three Months Ended March 31, 2023 | | | | |
|--|-----------------------------------|-------------|-----------------|-------------------|-----------------|
| | Annuities | Life | Run-off | Corporate & Other | Total |
| | (In millions) | | | | |
| Pre-tax adjusted earnings (loss) | \$ 387 | \$ — | \$ (134) | \$ 5 | \$ 258 |
| Provision for income tax expense (benefit) | 73 | (1) | (28) | (9) | 35 |
| Post-tax adjusted earnings (loss) | 314 | 1 | (106) | 14 | 223 |
| Less: Net income (loss) attributable to noncontrolling interests | — | — | — | 2 | 2 |
| Less: Preferred stock dividends | — | — | — | 26 | 26 |
| Adjusted earnings (loss) | <u>\$ 314</u> | <u>\$ 1</u> | <u>\$ (106)</u> | <u>\$ (14)</u> | <u>195</u> |
| Adjustments for: | | | | | |
| Net investment gains (losses) | | | | | (96) |
| Net derivative gains (losses), excluding investment hedge adjustments of \$38 | | | | | (613) |
| Change in market risk benefits | | | | | (194) |
| Market value adjustments | | | | | (8) |
| Provision for income tax (expense) benefit | | | | | 191 |
| Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders | | | | | <u>\$ (525)</u> |
| Interest revenue | \$ 594 | \$ 100 | \$ 254 | \$ 149 | |
| Interest expense | \$ — | \$ — | \$ — | \$ 38 | |

Total revenues by segment, as well as Corporate & Other, were as follows:

| | Three Months Ended | |
|-------------------|--------------------|----------|
| | March 31, | |
| | 2024 | 2023 |
| | (In millions) | |
| Annuities | \$ 1,304 | \$ 1,170 |
| Life | 217 | 304 |
| Run-off | 356 | 380 |
| Corporate & Other | 173 | 139 |
| Adjustments | (1,976) | (709) |

| | | | | |
|-------|----|----|----|-------|
| Total | \$ | 74 | \$ | 1,284 |
|-------|----|----|----|-------|

Total assets by segment, as well as Corporate & Other, were as follows at:

| | March 31, 2024 | December 31, 2023 |
|-------------------|----------------|-------------------|
| | (In millions) | |
| Annuities | \$ 164,075 | \$ 160,775 |
| Life | 25,824 | 25,504 |
| Run-off | 26,507 | 26,828 |
| Corporate & Other | 23,282 | 23,233 |
| Total | \$ 239,688 | \$ 236,340 |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

3. Insurance Liabilities

Liability for Future Policy Benefits

Information regarding liability for future policy benefits ("LFPB") for non-participating traditional and limited-payment contracts was as follows:

| | Three Months Ended March 31, | | | | | |
|--|-------------------------------|------------------|---|-------------------------------|------------------|---|
| | 2024 | | | 2023 | | |
| | Term and Whole Life Insurance | Income Annuities | Structured Settlement and Pension Risk Transfer Annuities | Term and Whole Life Insurance | Income Annuities | Structured Settlement and Pension Risk Transfer Annuities |
| | (Dollars in millions) | | | | | |
| Present value of expected net premiums: | | | | | | |
| Balance, beginning of period | \$ 2,974 | \$ — | \$ — | \$ 2,871 | \$ — | \$ — |
| Beginning balance at original discount rate | 3,234 | — | — | 3,212 | — | — |
| Effect of model refinements | 1 | — | — | — | — | — |
| Effect of actual variances from expected experience | (7) | — | — | (9) | — | — |
| Adjusted beginning of period balance | 3,228 | — | — | 3,203 | — | — |
| Issuances | 24 | — | — | 24 | — | — |
| Interest accrual | 29 | — | — | 28 | — | — |
| Net premiums collected | (92) | — | — | (90) | — | — |
| Ending balance at original discount rate | 3,189 | — | — | 3,165 | — | — |
| Effect of changes in discount rate assumptions | (308) | — | — | (270) | — | — |
| Balance, end of period | \$ 2,881 | \$ — | \$ — | \$ 2,895 | \$ — | \$ — |
| Present value of expected future policy benefits: | | | | | | |
| Balance, beginning of period | \$ 5,507 | \$ 3,754 | \$ 6,697 | \$ 5,279 | \$ 3,512 | \$ 6,793 |
| Beginning balance at original discount rate | 6,023 | 4,031 | 7,085 | 5,922 | 3,897 | 7,410 |
| Effect of model refinements | 1 | — | — | — | — | — |
| Effect of actual variances from expected experience | (5) | 4 | (2) | (9) | (31) | (31) |
| Adjusted beginning of period balance | 6,019 | 4,035 | 7,083 | 5,913 | 3,866 | 7,379 |
| Issuances | 25 | 99 | — | 24 | 78 | — |
| Interest accrual | 55 | 38 | 77 | 54 | 36 | 80 |
| Benefit payments | (153) | (104) | (147) | (131) | (89) | (146) |
| Ending balance at original discount rate | 5,946 | 4,068 | 7,013 | 5,860 | 3,891 | 7,313 |
| Effect of changes in discount rate assumptions | (619) | (351) | (576) | (501) | (287) | (385) |
| Balance, end of period | \$ 5,327 | \$ 3,717 | \$ 6,437 | \$ 5,359 | \$ 3,604 | \$ 6,928 |

| | | | | | | |
|---|-----------|-----------|------------|-----------|-----------|------------|
| Net liability for future policy benefits, end of period | \$ 2,446 | \$ 3,717 | \$ 6,437 | \$ 2,464 | \$ 3,604 | \$ 6,928 |
| Less: Reinsurance recoverable, end of period | 38 | 30 | 62 | 43 | 26 | 69 |
| Net liability for future policy benefits, after reinsurance recoverable | \$ 2,408 | \$ 3,687 | \$ 6,375 | \$ 2,421 | \$ 3,578 | \$ 6,859 |
| Weighted-average duration of liability | 8.7 years | 8.1 years | 11.6 years | 8.4 years | 8.4 years | 11.6 years |
| Weighted-average interest accretion rate | 3.94 % | 3.99 % | 4.46 % | 3.96 % | 3.87 % | 4.46 % |
| Current discount rate | 5.24 % | 5.24 % | 5.32 % | 4.90 % | 4.92 % | 5.00 % |
| Gross premiums or assessments recognized during period | \$ 140 | \$ 123 | \$ — | \$ 153 | \$ 102 | \$ — |
| Expected future gross premiums, undiscounted | \$ 6,057 | \$ — | \$ — | \$ 6,618 | \$ — | \$ — |
| Expected future gross premiums, discounted | \$ 4,553 | \$ — | \$ — | \$ 4,905 | \$ — | \$ — |
| Expected future benefit payments, undiscounted | \$ 8,232 | \$ 5,765 | \$ 13,622 | \$ 8,099 | \$ 5,375 | \$ 14,224 |
| Expected future benefit payments, discounted | \$ 5,946 | \$ 4,068 | \$ 7,013 | \$ 5,860 | \$ 3,891 | \$ 7,313 |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

3. Segment Information Insurance Liabilities (continued)

| | Three Months Ended September 30, 2022 | | | | |
|--|---------------------------------------|---------|---------|-------------------|--------|
| | Annuities | Life | Run-off | Corporate & Other | Total |
| | (In millions) | | | | |
| Pre-tax adjusted earnings | \$ 246 | \$ (44) | \$ (20) | \$ (14) | \$ 168 |
| Provision for income tax expense (benefit) | 44 | (10) | (4) | (4) | 26 |
| Post-tax adjusted earnings | 202 | (34) | (16) | (10) | 142 |
| Less: Net income (loss) attributable to noncontrolling interests | — | — | — | 2 | 2 |
| Less: Preferred stock dividends | — | — | — | 25 | 25 |
| Adjusted earnings | \$ 202 | \$ (34) | \$ (16) | \$ (37) | 115 |
| Adjustments for: | | | | | |
| Net investment gains (losses) | | | | | (45) |
| Net derivative gains (losses), excluding investment hedge adjustments of \$23 | | | | | (615) |
| Change in market risk benefits | | | | | 984 |
| Market value adjustments | | | | | 20 |
| Provision for income tax (expense) benefit | | | | | (71) |
| Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders | | | | | \$ 388 |
| Interest revenue | \$ 547 | \$ 77 | \$ 168 | \$ 108 | |
| Interest expense | \$ — | \$ — | \$ — | \$ 38 | |

| | Nine Months Ended September 30, 2023 | | | | |
|--|--------------------------------------|---------|---------|-------------------|----------|
| | Annuities | Life | Run-off | Corporate & Other | Total |
| | (In millions) | | | | |
| Pre-tax adjusted earnings | \$ 1,137 | \$ (75) | \$ (35) | \$ 19 | \$ 1,046 |
| Provision for income tax expense (benefit) | 213 | (18) | (8) | (14) | 173 |
| Post-tax adjusted earnings | 924 | (57) | (27) | 33 | 873 |
| Less: Net income (loss) attributable to noncontrolling interests | — | — | — | 4 | 4 |
| Less: Preferred stock dividends | — | — | — | 77 | 77 |
| Adjusted earnings | \$ 924 | \$ (57) | \$ (27) | \$ (48) | 792 |
| Adjustments for: | | | | | |
| Net investment gains (losses) | | | | | (213) |

| | | | | | |
|--|----|-------|----|-----|-----------------|
| Net derivative gains (losses), excluding investment hedge adjustments of \$86 | | | | | (3,312) |
| Change in market risk benefits | | | | | 2,170 |
| Market value adjustments | | | | | 9 |
| Provision for income tax (expense) benefit | | | | | 282 |
| Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders | | | | | <u>\$ (272)</u> |
| Interest revenue | \$ | 1,879 | \$ | 334 | \$ 870 \$ 460 |
| Interest expense | \$ | — | \$ | — | \$ 114 |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

3. Segment Information (continued)

| | Nine Months Ended September 30, 2022 | | | | |
|--|--------------------------------------|--------------|-----------------|-------------------|-----------------|
| | Annuities | Life | Run-off | Corporate & Other | Total |
| | (In millions) | | | | |
| Pre-tax adjusted earnings | \$ 1,078 | \$ 75 | \$ (189) | \$ (101) | \$ 863 |
| Provision for income tax expense (benefit) | 202 | 14 | (40) | (34) | 142 |
| Post-tax adjusted earnings | 876 | 61 | (149) | (67) | 721 |
| Less: Net income (loss) attributable to noncontrolling interests | — | — | — | 4 | 4 |
| Less: Preferred stock dividends | — | — | — | 78 | 78 |
| Adjusted earnings | <u>\$ 876</u> | <u>\$ 61</u> | <u>\$ (149)</u> | <u>\$ (149)</u> | <u>639</u> |
| Adjustments for: | | | | | |
| Net investment gains (losses) | | | | | (179) |
| Net derivative gains (losses), excluding investment hedge adjustments of \$38 | | | | | 1,293 |
| Change in market risk benefits | | | | | 2,625 |
| Market value adjustments | | | | | 90 |
| Provision for income tax (expense) benefit | | | | | (803) |
| Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders | | | | | <u>\$ 3,665</u> |
| Interest revenue | \$ 1,648 | \$ 352 | \$ 919 | \$ 208 | |
| Interest expense | \$ — | \$ — | \$ — | \$ 114 | |

Total revenues by segment, as well as Corporate & Other, were as follows:

| | Three Months Ended | | Nine Months Ended | |
|-------------------|--------------------|-----------------|-------------------|-----------------|
| | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| | (In millions) | | | |
| Annuities | \$ 1,214 | \$ 1,091 | \$ 3,630 | \$ 3,422 |
| Life | 299 | 270 | 915 | 922 |
| Run-off | 413 | 312 | 1,241 | 1,334 |
| Corporate & Other | 162 | 108 | 456 | 208 |
| Adjustments | (918) | (660) | (3,525) | 1,114 |
| Total | <u>\$ 1,170</u> | <u>\$ 1,121</u> | <u>\$ 2,717</u> | <u>\$ 7,000</u> |

Total assets by segment, as well as Corporate & Other, were as follows at:

| | September 30, 2023 | December 31, 2022 |
|--|--------------------|-------------------|
| | (In millions) | |

| | | | | |
|-------------------|----|---------|----|---------|
| Annuities | \$ | 151,734 | \$ | 151,192 |
| Life | | 22,221 | | 22,057 |
| Run-off | | 27,272 | | 28,436 |
| Corporate & Other | | 22,289 | | 23,162 |
| Total | \$ | 223,516 | \$ | 224,847 |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

4. Insurance

Liability for Future Policy Benefits

Information regarding LFPBs for non-participating traditional and limited-payment contracts was as follows:

| | Nine Months Ended September 30, | | | | | |
|---|---------------------------------|------------------|-----------------------|---------------------|------------------|-----------------------|
| | 2023 | | | 2022 | | |
| | | | Structured Settlement | | | Structured Settlement |
| | Term and Whole Life | | and Pension Risk | Term and Whole Life | | and Pension Risk |
| | Insurance | Income Annuities | Transfer Annuities | Insurance | Income Annuities | Transfer Annuities |
| | (Dollars in millions) | | | | | |
| Present value of expected net premiums: | | | | | | |
| Balance, beginning of period | \$ 2,871 | \$ — | \$ — | \$ 3,325 | \$ — | \$ — |
| Beginning balance at original discount rate | 3,212 | — | — | 3,051 | — | — |
| Effect of model refinements | — | — | — | 122 | — | — |
| Effect of changes in cash flow assumptions | 215 | — | — | 139 | — | — |
| Effect of actual variances from expected experience | (36) | — | — | 90 | — | — |
| Adjusted beginning of period balance | 3,391 | — | — | 3,402 | — | — |
| Issuances | 71 | — | — | 71 | — | — |
| Interest accrual | 83 | — | — | 87 | — | — |
| Net premiums collected | (281) | — | — | (324) | — | — |
| Ending balance at original discount rate | 3,264 | — | — | 3,236 | — | — |
| Effect of changes in discount rate assumptions | (430) | — | — | (371) | — | — |
| Balance, end of period | \$ 2,834 | \$ — | \$ — | \$ 2,865 | \$ — | \$ — |
| Present value of expected future policy benefits: | | | | | | |
| Balance, beginning of period | \$ 5,279 | \$ 3,512 | \$ 6,793 | \$ 6,426 | \$ 4,333 | \$ 10,171 |
| Beginning balance at original discount rate | 5,922 | 3,897 | 7,410 | 5,820 | 3,865 | 8,165 |
| Effect of model refinements | — | — | — | 135 | — | — |
| Effect of changes in cash flow assumptions | 309 | — | — | 159 | — | — |
| Effect of actual variances from expected experience | (41) | 6 | (49) | 119 | (23) | (39) |
| Adjusted beginning of period balance | 6,190 | 3,903 | 7,361 | 6,233 | 3,842 | 8,126 |
| Issuances | 74 | 281 | — | 79 | 168 | — |
| Interest accrual | 162 | 107 | 236 | 167 | 108 | 259 |
| Benefit payments | (375) | (296) | (449) | (514) | (267) | (477) |
| Ending balance at original discount rate | 6,051 | 3,995 | 7,148 | 5,965 | 3,851 | 7,908 |
| Effect of changes in discount rate assumptions | (867) | (514) | (956) | (712) | (416) | (859) |
| Balance, end of period | \$ 5,184 | \$ 3,481 | \$ 6,192 | \$ 5,253 | \$ 3,435 | \$ 7,049 |
| Net liability for future policy benefits, end of period | \$ 2,350 | \$ 3,481 | \$ 6,192 | \$ 2,388 | \$ 3,435 | \$ 7,049 |
| Less: Reinsurance recoverable, end of period | 41 | 30 | — | 49 | 24 | 69 |
| Net liability for future policy benefits, after reinsurance recoverable | \$ 2,309 | \$ 3,451 | \$ 6,192 | \$ 2,339 | \$ 3,411 | \$ 6,980 |

| | | | | | | |
|--|-----------|-----------|------------|-----------|-----------|------------|
| Weighted-average duration of liability | 8.8 years | 8.3 years | 11.6 years | 8.5 years | 8.4 years | 12.7 years |
| Weighted-average interest accretion rate | 3.95 % | 3.94 % | 4.45 % | 3.98 % | 3.89 % | 4.44 % |
| Current discount rate | 5.87 % | 5.87 % | 5.91 % | 5.46 % | 5.44 % | 5.46 % |
| Gross premiums or assessments recognized during period | \$ 451 | \$ 353 | \$ — | \$ 485 | \$ 195 | \$ — |
| Expected future gross premiums, undiscounted | \$ 6,261 | \$ — | \$ — | \$ 6,842 | \$ — | \$ — |
| Expected future gross premiums, discounted | \$ 4,707 | \$ — | \$ — | \$ 5,065 | \$ — | \$ — |
| Expected future benefit payments, undiscounted | \$ 8,378 | \$ 5,663 | \$ 13,909 | \$ 8,264 | \$ 5,448 | \$ 16,721 |
| Expected future benefit payments, discounted | \$ 6,051 | \$ 3,995 | \$ 7,148 | \$ 5,965 | \$ 3,851 | \$ 7,908 |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

4. Insurance (continued)

The measurement of LFPBs can be significantly impacted by changes in assumptions for policyholder behavior. As part of the 2023 and 2022 annual actuarial review ("AAR"), the Company updated assumptions regarding mortality and lapses for term and non-participating whole life insurance. The impact from changes in assumptions is presented in effect of changes in cash flow assumptions in the table above.

Information regarding the additional insurance liabilities for universal life-type contracts with secondary guarantees was as follows:

| | | Nine Months Ended September 30, | |
|--|--|------------------------------------|----------|
| | | 2023 | 2022 |
| | | (Dollars in millions) | |
| | | Three Months Ended March 31, | |
| | | 2024 | 2023 |
| | | (Dollars in millions) | |
| Balance, beginning of period | Balance, beginning of period | \$ 6,935 | \$ 7,168 |
| Beginning balance before the effect of unrealized gains and losses | Beginning balance before the effect of unrealized gains and losses | 7,175 | 6,731 |
| Effect of changes in cash flow assumptions | | 52 | (37) |
| Effect of actual variances from expected experience | | | |
| Effect of actual variances from expected experience | | | |
| Effect of actual variances from expected experience | Effect of actual variances from expected experience | 75 | 157 |
| Adjusted beginning of period balance | Adjusted beginning of period balance | 7,302 | 6,851 |
| Interest accrual | Interest accrual | 265 | 248 |

| | | | |
|---|---------------------------|-------|-------|
| Net assessments collected | Net assessments collected | 309 | 324 |
| Benefit payments | Benefit payments | (289) | (369) |
| Effect of realized capital gains (losses) | | — | — |

Ending balance before the effect of unrealized gains and losses

Ending balance before the effect of unrealized gains and losses

| | | | |
|---|---|-------|-------|
| Ending balance before the effect of unrealized gains and losses | Ending balance before the effect of unrealized gains and losses | 7,587 | 7,054 |
|---|---|-------|-------|

| | | | |
|---------------------------------------|---------------------------------------|-------|------|
| Effect of unrealized gains and losses | Effect of unrealized gains and losses | (347) | (83) |
|---------------------------------------|---------------------------------------|-------|------|

| | | | |
|------------------------|------------------------|-------|-------|
| Balance, end of period | Balance, end of period | 7,240 | 6,971 |
|------------------------|------------------------|-------|-------|

| | | | |
|--|--|-------|-------|
| Less: Reinsurance recoverable, end of period | Less: Reinsurance recoverable, end of period | 1,409 | 1,393 |
|--|--|-------|-------|

| | | | |
|---|---|----------|---------|
| Net additional liability, after reinsurance recoverable | Net additional liability, after reinsurance recoverable | \$ 5,831 | \$5,578 |
|---|---|----------|---------|

| | | | |
|--|--|-----------|-----------|
| Weighted-average duration of liability | Weighted-average duration of liability | 6.7 years | 6.7 years |
|--|--|-----------|-----------|

| | | | |
|--|--|--------|--------|
| Weighted-average interest accretion rate | Weighted-average interest accretion rate | 4.92 % | 4.90 % |
|--|--|--------|--------|

| | | | |
|--|--|--------|--------|
| Gross assessments recognized during period | Gross assessments recognized during period | \$ 798 | \$ 834 |
|--|--|--------|--------|

| | |
|--|-----------|
| Weighted-average duration of liability | 6.7 years |
| Weighted-average interest accretion rate | 4.93 % |

The measurement of liabilities for secondary guarantees can be significantly impacted by changes in the expected general account rate of return, which is driven by the Company's assumption for long-term treasury yields. The Company's practice of projecting treasury yields uses a mean reversion approach that assumes that long-term interest rates are less influenced by short-term fluctuations and are only changed when sustained interim deviations are expected. As part of the 2023 AAR, the Company increased the long-term general account earned rate, driven by an increase in the mean reversion rate from 3.50% to 3.75%. The Company also updated assumptions regarding policyholder behavior, including mortality, premium persistency, lapses, withdrawals and maintenance expenses. As part of the 2022 AAR, the Company increased the long-term general account earned rate, driven by an increase in the mean reversion rate from 3.00% to 3.50%. Both period assumption updates are reflected in the table above.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

4. Insurance (continued)

A reconciliation of the net LFPBs for nonparticipating traditional and limited-payment contracts and the additional insurance liabilities for universal life-type contracts with secondary guarantees reported in the preceding rollforward tables to LFPBs on the consolidated balance sheets was as follows at:

| | | September 30, | |
|--|--|---------------|----------|
| | | 2023 | 2022 |
| | | (In millions) | |
| | | March 31, | |
| | | 2024 | 2023 |
| | | (In millions) | |
| Liabilities reported in the preceding rollforward tables | Liabilities reported in the preceding rollforward tables | \$ 19,263 | \$19,843 |
| Long-term care insurance (1) | Long-term care insurance (1) | 5,276 | 5,632 |
| ULSG liabilities, including liability for profits followed by losses | ULSG liabilities, including liability for profits followed by losses | 1,966 | 2,866 |
| Participating whole life insurance (2) | Participating whole life insurance (2) | 3,054 | 2,900 |
| Deferred profit liabilities | Deferred profit liabilities | 459 | 379 |
| Other | Other | 386 | 396 |
| Total liability for future policy benefits | Total liability for future policy benefits | \$ 30,404 | \$32,016 |

(1) Includes liabilities related to fully reinsured individual long-term care insurance. See Note 3, 2.

(2) Participating whole life insurance uses an interest assumption based on the non-forfeiture interest rate, ranging from 3.5% to 4.5%, and mortality rates guaranteed in calculating the cash surrender values described in such contracts, and also includes a liability for terminal dividends. Participating whole life insurance represented 3% of the Company's life insurance in-force at both September 30, 2023 March 31, 2024 and 2022, 2023, and 40% 41% and 41% 39% of gross traditional life insurance premiums for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

4.3. Insurance (continued)

Information regarding LFPBs for non-participating traditional and limited-payment contracts was as follows:

| | | Years Ended December 31, | |
|--|--|--------------------------|------|
| | | 2022 | 2021 |
| | | | |

| | Term and Whole Life | | | Structured Settlement and Pension Risk | | Term and Whole Life | | | Structured Settlement and Pension Risk | | | |
|---|-----------------------|-------|------------------|--|----|---------------------|----|------------------|--|-------|----|--------|
| | Insurance | | Income Annuities | Transfer Annuities | | Insurance | | Income Annuities | Transfer Annuities | | | |
| | (Dollars in millions) | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Present value of expected net premiums: | | | | | | | | | | | | |
| Balance, beginning of year | \$ | 3,325 | \$ | — | \$ | — | \$ | 3,448 | \$ | — | \$ | — |
| Beginning balance at original discount rate | | 3,051 | | — | | — | | 2,994 | | — | | — |
| Effect of model refinements | | 122 | | — | | — | | — | | — | | — |
| Effect of changes in cash flow assumptions | | 137 | | — | | — | | 70 | | — | | — |
| Effect of actual variances from expected experience | | 119 | | — | | — | | 153 | | — | | — |
| Adjusted beginning of year balance | | 3,429 | | — | | — | | 3,217 | | — | | — |
| Issuances | | 93 | | — | | — | | 113 | | — | | — |
| Interest accrual | | 116 | | — | | — | | 111 | | — | | — |
| Net premiums collected | | (426) | | — | | — | | (390) | | — | | — |
| Ending balance at original discount rate | | 3,212 | | — | | — | | 3,051 | | — | | — |
| Effect of changes in discount rate assumptions | | (341) | | — | | — | | 274 | | — | | — |
| Balance, end of year | \$ | 2,871 | \$ | — | \$ | — | \$ | 3,325 | \$ | — | \$ | — |
| Present value of expected future policy benefits: | | | | | | | | | | | | |
| Balance, beginning of year | \$ | 6,426 | \$ | 4,333 | \$ | 10,171 | \$ | 6,852 | \$ | 4,691 | \$ | 11,301 |
| Beginning balance at original discount rate | | 5,820 | | 3,865 | | 8,165 | | 5,862 | | 3,938 | | 8,531 |
| Effect of model refinements | | 135 | | — | | (278) | | — | | — | | — |
| Effect of changes in cash flow assumptions | | 157 | | 56 | | (157) | | 70 | | (41) | | (41) |
| Effect of actual variances from expected experience | | 155 | | (22) | | (23) | | 153 | | (6) | | (16) |
| Adjusted beginning of year balance | | 6,267 | | 3,899 | | 7,707 | | 6,085 | | 3,891 | | 8,474 |
| Issuances | | 101 | | 224 | | — | | 128 | | 198 | | — |
| Interest accrual | | 222 | | 146 | | 327 | | 222 | | 150 | | 359 |
| Benefit payments | | (668) | | (372) | | (624) | | (615) | | (374) | | (668) |
| Ending balance at original discount rate | | 5,922 | | 3,897 | | 7,410 | | 5,820 | | 3,865 | | 8,165 |
| Effect of changes in discount rate assumptions | | (643) | | (385) | | (617) | | 606 | | 468 | | 2,006 |
| Balance, end of year | \$ | 5,279 | \$ | 3,512 | \$ | 6,793 | \$ | 6,426 | \$ | 4,333 | \$ | 10,171 |
| Net liability for future policy benefits, end of year | \$ | 2,408 | \$ | 3,512 | \$ | 6,793 | \$ | 3,101 | \$ | 4,333 | \$ | 10,171 |
| Less: Reinsurance recoverable, end of year | | 45 | | 24 | | 68 | | 64 | | 27 | | 93 |
| Net liability for future policy benefits, after reinsurance recoverable | \$ | 2,363 | \$ | 3,488 | \$ | 6,725 | \$ | 3,037 | \$ | 4,306 | \$ | 10,078 |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

4. Insurance Liabilities (continued)

Policyholder Account Balances

Information regarding policyholder account balances was as follows:

| | Universal Life | | | | Company-Owned Life Insurance | |
|---------------------------|--------------------|-----|------------------------|-----|------------------------------|-----|
| | Variable Annuities | | Index-linked Annuities | | Fixed Rate Annuities | |
| | Insurance | (1) | Insurance | (1) | ULSG | (1) |
| (Dollars in millions) | | | | | | |
| Nine Months Ended | | | | | | |
| September 30, 2023 | | | | | | |

| | | | | | | | | | | Company- | | | | | | | | | |
|-----------------------------------|--|--|--|--|--|--|--|--|--|--------------------------|------------------------|------------------------|----------------------|------|-----|--|--|--|--|
| | | | | | | | | | | Owned | | | | | | | | | |
| | | | | | | | | | | Life | | | | | | | | | |
| | | | | | | | | | | Insurance | | | | | | | | | |
| Universal Life Insurance | | | | | | | | | | Universal Life Insurance | Variable Annuities (1) | Index-linked Annuities | Fixed Rate Annuities | ULSG | (1) | | | | |
| (Dollars in millions) | | | | | | | | | | (Dollars in millions) | | | | | | | | | |
| Three Months Ended March 31, 2024 | | | | | | | | | | | | | | | | | | | |
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|---------------------------------------|---------------------------------------|-----------|-----------|
| Other investment contract liabilities | Other investment contract liabilities | 1,086 | 1,216 |
| Total policyholder account balances | Total policyholder account balances | \$ 78,371 | \$ 69,749 |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

4.3. Insurance Liabilities (continued)

The balance of account values by range of guaranteed minimum crediting rates and the related range of difference, in basis points, between rates being credited to policyholders and the respective guaranteed minimums was as follows at:

| Range of Guaranteed Minimum Crediting Rate | Range of Guaranteed Minimum Crediting Rate | At Guaranteed Minimum | 1 to 50 Basis Points Above | 51 to 150 Basis Points Above | Greater than 150 Basis Points Above | Total | Range of Guaranteed Minimum Crediting Rate | At Guaranteed Minimum | 1 to 50 Basis Points Above | 51 to 150 Basis Points Above | Greater than 150 Basis Points Above | Total |
|--|--|-----------------------|----------------------------|------------------------------|-------------------------------------|-----------|--|-----------------------|----------------------------|------------------------------|-------------------------------------|---------------|
| (In millions) | | | | | | | | | | | | |
| September 30, 2023 | | | | | | | | | | | | |
| (In millions) | | | | | | | | | | | | (In millions) |
| March 31, 2024 | | | | | | | | | | | | |
| Annuities (1): | | | | | | | | | | | | |
| Annuities (1): | | | | | | | | | | | | |
| Less than 2.00% | | | | | | | | | | | | |
| Less than 2.00% | | | | | | | | | | | | |
| Less than 2.00% | Less than 2.00% | \$ 723 | \$ 254 | \$ 474 | \$ 7,185 | \$ 8,636 | | | | | | |
| 2.00% to 3.99% | 2.00% to 3.99% | 9,730 | 117 | 227 | 67 | 10,141 | | | | | | |
| Greater than 3.99% | Greater than 3.99% | 904 | — | — | — | 904 | | | | | | |
| Total | Total | \$ 11,357 | \$ 371 | \$ 701 | \$ 7,252 | \$ 19,681 | | | | | | |
| Life insurance (2) (3): | | | | | | | | | | | | |
| Less than 2.00% | | | | | | | | | | | | |
| Less than 2.00% | | | | | | | | | | | | |
| 2.00% to 3.99% | 2.00% to 3.99% | — | 488 | 49 | 136 | 673 | | | | | | |
| Greater than 3.99% | Greater than 3.99% | 1,614 | — | — | — | 1,614 | | | | | | |
| Total | Total | \$ 1,614 | \$ 488 | \$ 49 | \$ 352 | \$ 2,503 | | | | | | |
| ULSG (3): | | | | | | | | | | | | |

| | | | | | | | | | |
|-------------------------|-------------------------|----|-------|---------|---------|---------|----------|----|-----|
| Less than 2.00% | Less than 2.00% | \$ | — | \$ | — | \$ | — | \$ | — |
| Less than 2.00% | | | | | | | | | |
| Less than 2.00% | | | | | | | | | |
| 2.00% to 3.99% | 2.00% to 3.99% | | 1,159 | 1,506 | 1,680 | 257 | 4,602 | | |
| Greater than 3.99% | Greater than 3.99% | | 513 | — | — | — | 513 | | |
| Total | Total | \$ | 1,672 | \$1,506 | \$1,680 | \$ 257 | \$ 5,115 | | |
| December 31, 2022 | | | | | | | | | |
| December 31, 2023 | | | | | | | | | |
| Annuities (1): | Annuities (1): | | | | | | | | |
| Annuities (1): | | | | | | | | | |
| Annuities (1): | | | | | | | | | |
| Less than 2.00% | | | | | | | | | |
| Less than 2.00% | | | | | | | | | |
| Less than 2.00% | Less than 2.00% | \$ | 861 | \$ 317 | \$ 369 | \$5,821 | \$ 7,368 | | |
| 2.00% to 3.99% | 2.00% to 3.99% | | 6,119 | 4,872 | 596 | 10 | 11,597 | | |
| Greater than 3.99% | Greater than 3.99% | | 525 | — | — | — | 525 | | |
| Total | Total | \$ | 7,505 | \$5,189 | \$ 965 | \$5,831 | \$19,490 | | |
| Life insurance (2) (3): | Life insurance (2) (3): | | | | | | | | |
| Less than 2.00% | | | | | | | | | |
| 2.00% | 2.00% | \$ | — | \$ | — | \$ | 172 | \$ | 172 |
| Less than 2.00% | | | | | | | | | |
| Less than 2.00% | | | | | | | | | |
| 2.00% to 3.99% | 2.00% to 3.99% | | — | 510 | 87 | 154 | 751 | | |
| Greater than 3.99% | Greater than 3.99% | | 1,657 | — | — | — | 1,657 | | |
| Total | Total | \$ | 1,657 | \$ 510 | \$ 87 | \$ 326 | \$ 2,580 | | |
| ULSG (3): | | | | | | | | | |
| ULSG (3): | | | | | | | | | |
| Less than 2.00% | Less than 2.00% | \$ | — | \$ | — | \$ | — | \$ | — |
| Less than 2.00% | | | | | | | | | |
| Less than 2.00% | | | | | | | | | |
| 2.00% to 3.99% | 2.00% to 3.99% | | 1,225 | 1,581 | 1,729 | 266 | 4,801 | | |
| Greater than 3.99% | Greater than 3.99% | | 527 | — | — | — | 527 | | |
| Total | Total | \$ | 1,752 | \$1,581 | \$1,729 | \$ 266 | \$ 5,328 | | |

(1) Includes policyholder account balances for fixed rate annuities and the fixed account portion of variable annuities.

(2) Includes policyholder account balances for retained asset accounts, universal life policies and the fixed account portion of universal variable life insurance policies.

(3) Amounts are gross of policy loans.

See Note 5 for information regarding net amount at risk and cash surrender values.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

4. Insurance (continued)

4. Market Risk Benefits

Information regarding MRB assets and liabilities associated with variable annuities was as follows:

| | | Nine Months Ended | | Years Ended | |
|---|---|-----------------------|----------|--------------|----------|
| | | September 30, | | December 31, | |
| | | 2023 | 2022 | 2022 | 2021 |
| | | (Dollars in millions) | | | |
| | | Three Months Ended | | | |
| | | March 31, | | | |
| | | Three Months Ended | | | |
| | | March 31, | | | |
| | | Three Months Ended | | | |
| | | March 31, | | | |
| | | 2024 | | | |
| | | 2024 | | | |
| | | 2023 | | | |
| | | (Dollars in millions) | | | |
| | | (Dollars in millions) | | | |
| Balance, beginning of period | Balance, beginning of period | \$ 9,974 | \$15,698 | \$15,698 | \$18,388 |
| Balance, beginning of period, before effect of changes in nonperformance risk | Balance, beginning of period, before effect of changes in nonperformance risk | 8,230 | 11,611 | 11,611 | 14,934 |
| Decrements | Decrements | (114) | 19 | 16 | (68) |
| Effect of changes in future expected assumptions | | 259 | 210 | 210 | 41 |
| Effect of actual different from expected experience | | | | | |
| Effect of actual different from expected experience | | | | | |
| Effect of actual different from expected experience | Effect of actual different from expected experience | 178 | (332) | (48) | (86) |
| Effect of changes in interest rates | Effect of changes in interest rates | (2,360) | (8,393) | (8,394) | (1,829) |
| Effect of changes in fund returns | Effect of changes in fund returns | (669) | 5,607 | 3,807 | (2,578) |
| Issuances | | | | | |
| Issuances | | (9) | (29) | (47) | (96) |
| Effect of changes in risk margin | Effect of changes in risk margin | (52) | (120) | (152) | (128) |

| | | | | | | | | | |
|---|---|------------|------------|------------|------------|--|------------|--|------------|
| Aging of the block and other | Aging of the block and other | 1,025 | 946 | 1,227 | 1,421 | | | | |
| Balance, end of period, before effect of changes in nonperformance risk | Balance, end of period, before effect of changes in nonperformance risk | 6,488 | 9,519 | 8,230 | 11,611 | | | | |
| Effect of changes in nonperformance risk | Effect of changes in nonperformance risk | 1,690 | 1,580 | 1,744 | 4,087 | | | | |
| Balance, end of period | Balance, end of period | 8,178 | 11,099 | 9,974 | 15,698 | | | | |
| Less: Reinsurance recoverable, end of period | Less: Reinsurance recoverable, end of period | 35 | 76 | 71 | 118 | | | | |
| Balance, end of period, net of reinsurance (1) | Balance, end of period, net of reinsurance (1) | \$ 8,143 | \$ 11,023 | \$ 9,903 | \$ 15,580 | | | | |
| Weighted-average attained age of contract holder | Weighted-average attained age of contract holder | 72.6 years | 71.6 years | 71.8 years | 71.1 years | Weighted-average attained age of contract holder | 73.2 years | | 72.1 years |

(1) Amounts represent the sum of MRB assets and MRB liabilities presented on the consolidated balance sheets at September 30, 2023 March 31, 2024 and 2022, 2023, with the exception of (\$7) million \$8 million and \$2 million \$4 million, respectively, of index-linked annuities not included in this table, and at December 31, 2022 and 2021, with the exception of \$3 million and \$5 million, respectively, of index-linked annuities not included in this table.

Market conditions, including, but not limited to, changes in interest rates, equity indices, market volatility and variations in actuarial assumptions, including policyholder behavior, mortality and risk margins related to non-capital markets inputs, as well as changes in nonperformance risk, may result in significant fluctuations in the estimated fair value of the guarantees. As part of the AAR in 2023 and 2022, the Company updated assumptions regarding policyholder behavior, mortality, separate account fund allocations and volatility, which are reflected in the table above.

5. Separate Accounts

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

4. Insurance (continued)

Separate Accounts

Information regarding separate account liabilities was as follows:

| | | Nine Months Ended September 30, | | | | | | | | |
|------------------------------|------------------------------|---------------------------------|----------------|----------------|------------------------------|----------------|----------------|------|--|--|
| | | 2023 | | | 2022 | | | | | |
| | | Company- | | | Company- | | | | | |
| | | Variable | Universal | Owned | Variable | Universal | Owned | | | |
| | | | Life | Life | | Life | Life | | | |
| | | Annuities | Insurance | Insurance | Annuities | Insurance | Insurance | | | |
| | | (In millions) | | | | | | | | |
| | | Three Months Ended March 31, | | | Three Months Ended March 31, | | | | | |
| | | 2024 | | | 2024 | | | 2023 | | |
| | | Variable | Universal Life | Company-Owned | Variable | Universal Life | Company-Owned | | | |
| | | Annuities | Insurance | Life Insurance | Annuities | Insurance | Life Insurance | | | |
| | | (In millions) | | | (In millions) | | | | | |
| Balance, beginning of period | Balance, beginning of period | \$ 77,653 | \$ 5,218 | \$ 1,932 | \$ 105,023 | \$ 6,862 | \$ 2,384 | | | |
| Premiums and deposits | Premiums and deposits | 599 | 122 | — | 1,021 | 131 | — | | | |

| | | | | | | | |
|---|---|-----------|----------|----------|-----------|----------|----------|
| Surrenders and withdrawals | Surrenders and withdrawals | (4,603) | (138) | (11) | (4,684) | (131) | (11) |
| Benefit payments | Benefit payments | (1,101) | (51) | (21) | (1,043) | (52) | (25) |
| Investment performance | Investment performance | 4,175 | 440 | 174 | (23,515) | (1,706) | (457) |
| Policy charges | Policy charges | (1,638) | (152) | (37) | (1,757) | (151) | (51) |
| Net transfers from (to) general account | Net transfers from (to) general account | (8) | (42) | — | (174) | (38) | 13 |
| Other | Other | (5) | — | (1) | 46 | (1) | 2 |
| Balance, end of period | Balance, end of period | \$ 75,072 | \$ 5,397 | \$ 2,036 | \$ 74,917 | \$ 4,914 | \$ 1,855 |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

5. Separate Accounts (continued)

A reconciliation of separate account liabilities reported in the preceding rollforward table to the separate account liabilities balance on the consolidated balance sheets was as follows at:

| | | September 30, | |
|--|--|---------------|-----------|
| | | 2023 | 2022 |
| | | (In millions) | |
| | | March 31, | March 31, |
| | | 2024 | 2023 |
| | | (In millions) | |
| Separate account liabilities reported in the preceding rollforward table | Separate account liabilities reported in the preceding rollforward table | \$ 82,505 | \$81,686 |
| Variable income annuities | Variable income annuities | 152 | 137 |
| Pension risk transfer annuities | Pension risk transfer annuities | 18 | 15 |
| Total separate account liabilities | Total separate account liabilities | \$ 82,675 | \$81,838 |

The aggregate estimated fair value of assets, by major investment asset category, supporting separate accounts was as follows at:

| | September 30, 2023 | December 31, 2022 |
|--|--------------------|-------------------|
| | (In millions) | |

| | | March 31, 2024 | March 31, 2024 | December 31, 2023 | (In millions) | (In millions) |
|--|--|-------------------|-------------------|-------------------|---------------|---------------|
| Equity securities | Equity securities | \$ 82,419 | \$ 84,667 | | | |
| Fixed maturity securities | | | | | | |
| Fixed maturity securities | | | | | | |
| Fixed maturity securities | Fixed maturity securities | 244 | 278 | | | |
| Cash and cash equivalents | Cash and cash equivalents | 6 | 9 | | | |
| Other assets | Other assets | 6 | 11 | | | |
| Total aggregate estimated fair value of assets | Total aggregate estimated fair value of assets | \$ 82,675 | \$ 84,965 | | | |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

4. Insurance (continued)

Net Amount at Risk and Cash Surrender Values

Information regarding the net amount at risk and cash surrender value for insurance products was as follows at:

| | | | | | | Information regarding the net amount shown and cash contract value for individual products was as follows: | | | | | | |
|--|--|--|--|--|--|--|-------------------------------|--|-----------------------------|--|-------------------------------------|--|
| | Universal Life Insurance | | | | Variable Annuities | | Index-linked Annuities | | Fixed Rate Annuities | | Company-Owned Life Insurance | |
| | (In millions) | | | | | | | | | | | |
| September 30, 2023 | | | | | | | | | | | | |
| | Universal Life Insurance | | | | Variable Annuities | | Index-linked Annuities | | Fixed Rate Annuities | | Company-Owned Life Insurance | |
| | | | | | | | | | | | | |
| | (In millions) | | | | (In millions) | | | | | | | |
| March 31, 2024 | | | | | | | | | | | | |
| Account balances reported in the preceding rollforward tables: | Account balances reported in the preceding rollforward tables: | | | | Account balances reported in the preceding rollforward tables: | | | | | | | |
| Account balances reported in the preceding rollforward tables: | Account balances reported in the preceding rollforward tables: | | | | Account balances reported in the preceding rollforward tables: | | | | | | | |

| | | | | | | | | |
|--|--|----|--------|----------|----------|----------|----------|----------|
| Account balances reported in the preceding rollforward tables: | | | | | | | | |
| Policyholder account balances | | | | | | | | |
| Policyholder account balances | | | | | | | | |
| Policyholder account balances | Policyholder account balances | \$ | 2,545 | \$ 4,483 | \$38,619 | \$14,811 | \$ 5,125 | \$ 650 |
| Separate account liabilities | Separate account liabilities | | 5,397 | 75,072 | — | — | — | 2,036 |
| Total account balances | Total account balances | \$ | 7,942 | \$79,555 | \$38,619 | \$14,811 | \$ 5,125 | \$ 2,686 |
| Net amount at risk | Net amount at risk | \$ | 36,238 | \$16,127 | N/A | N/A | \$69,277 | \$ 2,625 |
| Cash surrender value | Cash surrender value | \$ | 7,346 | \$79,155 | \$36,164 | \$14,189 | \$ 6,121 | \$ 2,469 |
| September 30, 2022 | | | | | | | | |
| March 31, 2023 | | | | | | | | |
| Account balances reported in the preceding rollforward tables: | Account balances reported in the preceding rollforward tables: | | | | | | | |
| Account balances reported in the preceding rollforward tables: | | | | | | | | |
| Account balances reported in the preceding rollforward tables: | | | | | | | | |
| Policyholder account balances | | | | | | | | |
| Policyholder account balances | | | | | | | | |
| Policyholder account balances | Policyholder account balances | \$ | 2,663 | \$ 4,723 | \$31,590 | \$13,579 | \$ 5,380 | \$ 639 |
| Separate account liabilities | Separate account liabilities | | 4,914 | 74,917 | — | — | — | 1,855 |
| Total account balances | Total account balances | \$ | 7,577 | \$79,640 | \$31,590 | \$13,579 | \$ 5,380 | \$ 2,494 |
| Net amount at risk | Net amount at risk | \$ | 38,783 | \$18,461 | N/A | N/A | \$71,142 | \$ 3,413 |

| | | | | | | | | |
|-----------|-----------|----|-------|----------|----------|----------|----------|----------|
| Cash | Cash | | | | | | | |
| surrender | surrender | | | | | | | |
| value | value | \$ | 6,918 | \$79,523 | \$28,922 | \$12,748 | \$ 6,315 | \$ 2,284 |

Products may contain both separate account and general account fund options; accordingly, net amount at risk and cash surrender value reported in the table above relate to the total account balance for each respective product grouping.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

5.6. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles

Deferred Policy Acquisition Costs and Value of Business Acquired

Information regarding **DAC** deferred policy acquisition costs ("DAC") and **VOBA** value of business acquired ("VOBA") was as follows:

| | | Term and | | | | | | | | | |
|---|---------------------------------|---------------|-------|-----------|-----|---------------|------------|--------------|---------------------|----------------|------|
| | | Fixed | | Index- | | Whole | | | | | |
| | | Rate | | linked | | Life | | | | | |
| | | Annuities | | Annuities | | Insurance | | | | | |
| Nine Months Ended September 30, 2023 | | (In millions) | | | | | | | | | |
| | | | | | | | | | | | |
| | | Variable | | | | Variable | Fixed Rate | Index-linked | Term and Whole Life | Universal Life | |
| | | Annuities | | | | Annuities | Annuities | Annuities | Insurance | Insurance | |
| | | (In millions) | | | | (In millions) | | | | | |
| Three Months Ended March 31, 2024 | | | | | | | | | | | |
| DAC: | DAC: | | | | | | | | | | |
| DAC: | | | | | | | | | | | |
| DAC: | | | | | | | | | | | |
| Balance, beginning of period | | | | | | | | | | | |
| Balance, beginning of period | | | | | | | | | | | |
| Balance, beginning of period | Balance, beginning of period | \$ | 2,508 | \$ | 107 | \$ | 1,213 | \$ | 405 | \$ | 392 |
| Capitalization | Capitalization | | 29 | | 9 | | 255 | | 1 | | 9 |
| Amortization | Amortization | | (185) | | (8) | | (167) | | (40) | | (35) |
| Balance, end of period | Balance, end of period | | 2,352 | | 108 | | 1,301 | | 366 | | 366 |
| VOBA: | VOBA: | | | | | | | | | | |
| Balance, beginning of period | Balance, beginning of period | | 341 | | 65 | | — | | 5 | | 48 |
| Balance, beginning of period | | | | | | | | | | | |
| Balance, beginning of period | | | | | | | | | | | |
| Amortization | Amortization | | (24) | | (4) | | — | | (1) | | (4) |
| Balance, end of period | Balance, end of period | | 317 | | 61 | | — | | 4 | | 44 |

| | | | | | | | | | | | |
|--------------------------------------|------------------------------|----|-------|----|------|----|-------|----|------|----|------|
| Total DAC and VOBA: | Total DAC and VOBA: | | | | | | | | | | |
| Balance, end of period | Balance, end of period | \$ | 2,669 | \$ | 169 | \$ | 1,301 | \$ | 370 | \$ | 410 |
| Nine Months Ended September 30, 2022 | | | | | | | | | | | |
| Balance, end of period | | | | | | | | | | | |
| Balance, end of period | | | | | | | | | | | |
| Three Months Ended March 31, 2023 | | | | | | | | | | | |
| DAC: | DAC: | | | | | | | | | | |
| DAC: | | | | | | | | | | | |
| DAC: | | | | | | | | | | | |
| Balance, beginning of period | | | | | | | | | | | |
| Balance, beginning of period | | | | | | | | | | | |
| Balance, beginning of period | Balance, beginning of period | \$ | 2,718 | \$ | 89 | \$ | 1,081 | \$ | 462 | \$ | 431 |
| Capitalization | Capitalization | | 48 | | 20 | | 252 | | — | | 8 |
| Amortization | Amortization | | (200) | | (10) | | (145) | | (45) | | (38) |
| Balance, end of period | Balance, end of period | | 2,566 | | 99 | | 1,188 | | 417 | | 401 |
| VOBA: | VOBA: | | | | | | | | | | |
| Balance, beginning of period | Balance, beginning of period | | 377 | | 70 | | — | | 6 | | 54 |
| Balance, beginning of period | | | | | | | | | | | |
| Balance, beginning of period | | | | | | | | | | | |
| Amortization | Amortization | | (27) | | (4) | | — | | (1) | | (4) |
| Balance, end of period | Balance, end of period | | 350 | | 66 | | — | | 5 | | 50 |
| Total DAC and VOBA: | Total DAC and VOBA: | | | | | | | | | | |
| Balance, end of period | Balance, end of period | \$ | 2,916 | \$ | 165 | \$ | 1,188 | \$ | 422 | \$ | 451 |
| Balance, end of period | | | | | | | | | | | |
| Balance, end of period | | | | | | | | | | | |

Deferred Sales Inducements

Information regarding deferred sales inducements, included in other assets, was as follows:

| | Three Months Ended March 31, | | | |
|------------------------------|------------------------------|----------------------|--------------------|----------------------|
| | 2024 | | 2023 | |
| | Variable Annuities | Fixed Rate Annuities | Variable Annuities | Fixed Rate Annuities |
| | (In millions) | | | |
| Balance, beginning of period | \$ 220 | \$ 8 | \$ 245 | \$ 9 |
| Amortization | (6) | — | (7) | — |
| Balance, end of period | \$ 214 | \$ 8 | \$ 238 | \$ 9 |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

5.6. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles (continued)

| | Variable Annuities | Fixed Rate Annuities | Index-linked Annuities | Term and Whole Life Insurance | Universal Life Insurance |
|---|--------------------|----------------------|------------------------|-------------------------------|--------------------------|
| (In millions) | | | | | |
| DAC: | | | | | |
| Adjusted balance at January 1, 2021 (1) | \$ 2,912 | \$ 64 | \$ 886 | \$ 527 | \$ 469 |
| Capitalization | 90 | 37 | 354 | (3) | 16 |
| Amortization | (284) | (12) | (159) | (62) | (54) |
| Balance at December 31, 2021 | 2,718 | 89 | 1,081 | 462 | 431 |
| Capitalization | 55 | 30 | 330 | (1) | 11 |
| Amortization | (265) | (12) | (198) | (56) | (50) |
| Balance at December 31, 2022 | \$ 2,508 | \$ 107 | \$ 1,213 | \$ 405 | \$ 392 |
| VOBA: | | | | | |
| Adjusted balance at January 1, 2021 (1) | \$ 428 | \$ 76 | \$ — | \$ 8 | \$ 61 |
| Amortization | (51) | (6) | — | (2) | (7) |
| Balance at December 31, 2021 | 377 | 70 | — | 6 | 54 |
| Amortization | (36) | (5) | — | (1) | (6) |
| Balance at December 31, 2022 | 341 | 65 | — | 5 | 48 |
| Total DAC and VOBA: | | | | | |
| Balance at December 31, 2022 | \$ 2,849 | \$ 172 | \$ 1,213 | \$ 410 | \$ 440 |
| Balance at December 31, 2021 | \$ 3,095 | \$ 159 | \$ 1,081 | \$ 468 | \$ 485 |

(1) Includes an adjustment to eliminate balances included in AOCI related to the adoption of ASU 2018-12 (see Note 2).

Deferred Sales Inducements

Information regarding DSI, included in other assets, was as follows:

| | Nine Months Ended September 30, | | | |
|------------------------------|---------------------------------|----------------------|--------------------|----------------------|
| | 2023 | | 2022 | |
| | Variable Annuities | Fixed Rate Annuities | Variable Annuities | Fixed Rate Annuities |
| (In millions) | | | | |
| Balance, beginning of period | \$ 245 | \$ 9 | \$ 272 | \$ 10 |
| Amortization | (19) | (1) | (21) | (1) |
| Balance, end of period | \$ 226 | \$ 8 | \$ 251 | \$ 9 |

Unearned Revenue

Information regarding unearned revenue, included in other policy-related balances, was as follows:

| | Nine Months Ended September 30, | | | | | | | |
|------------------------------|---------------------------------|------|------------------------------|-----------|----------|-----------|--|--|
| | 2023 | | | 2022 | | | | |
| | Universal | | | | | | | |
| | Universal Life | | Variable | Life | Variable | | | |
| | Insurance | ULSG | Annuities | Insurance | ULSG | Annuities | | |
| | (In millions) | | | | | | | |
| | | | | | | | | |
| Three Months Ended March 31, | | | Three Months Ended March 31, | | | | | |
| 2024 | | | 2024 | | | 2023 | | |

| | | Universal Life Insurance | | | | | | | | Universal Life Insurance | | | | | | ULSG | | Variable Annuities | |
|------------------------------|------------------------------|--------------------------|------|-------|----|-----|----|------|-------|--------------------------|-----|--|--|--|--|------|--|--------------------|--|
| | | (In millions) | | | | | | | | | | | | | | | | | |
| Balance, beginning of period | Balance, beginning of period | \$ | 356 | \$488 | \$ | 74 | \$ | 358 | \$344 | \$ | 80 | | | | | | | | |
| Capitalization | Capitalization | | 29 | 132 | | — | | 29 | 137 | | 1 | | | | | | | | |
| Amortization | Amortization | | (29) | (36) | | (6) | | (30) | (26) | | (6) | | | | | | | | |
| Balance, end of period | Balance, end of period | \$ | 356 | \$584 | \$ | 68 | \$ | 357 | \$455 | \$ | 75 | | | | | | | | |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6.7. Investments

See Notes 1 and 8 of the Notes to the Consolidated Financial Statements included in the 2022 2023 Annual Report for a description of the Company's accounting policies for investments and the fair value hierarchy for investments and the related valuation methodologies.

Fixed Maturity Securities Available-for-sale

Fixed Maturity Securities by Sector

Fixed maturity securities by sector were as follows at:

| | | September 30, 2023 | | | | | December 31, 2022 | | | | |
|---------------------------------|---------------------------------|--------------------|-----------------------------|------------------------|-------------------|----------------------|-------------------|-----------------------------|------------------------|----------------------|-----------------------------|
| | | Amortized Cost | Allowance for Credit Losses | Gross Unrealized Gains | Unrealized Losses | Estimated Fair Value | Amortized Cost | Allowance for Credit Losses | Gross Unrealized Gains | Unrealized Losses | Estimated Fair Value |
| | | (In millions) | | | | | | | | | |
| | | March 31, 2024 | | | | | March 31, 2024 | | | | |
| | | Amortized Cost | Gains | | | | Amortized Cost | Allowance for Credit Losses | Gross Unrealized | Estimated Fair Value | Allowance for Credit Losses |
| | | (In millions) | | | | | | | | | |
| | | (In millions) | | | | | | | | | |
| | | (In millions) | | | | | | | | | |
| U.S. corporate | U.S. corporate | \$ 38,294 | \$ 14 | \$ 84 | \$ 5,454 | \$ 32,910 | \$ 36,926 | \$ 1 | \$ 203 | \$ 4,521 | \$ 32,607 |
| Foreign corporate | Foreign corporate | 12,709 | — | 20 | 2,051 | 10,678 | 12,471 | 1 | 38 | 1,932 | 10,576 |
| U.S. government and agency | U.S. government and agency | 8,640 | — | 34 | 872 | 7,802 | 8,318 | — | 300 | 602 | 8,016 |
| RMBS | RMBS | 8,235 | 6 | 31 | 1,209 | 7,051 | 8,431 | 2 | 44 | 945 | 7,528 |
| CMBS | CMBS | 7,112 | 2 | 1 | 803 | 6,308 | 7,324 | 3 | — | 710 | 6,611 |
| ABS | ABS | 6,294 | — | 12 | 192 | 6,114 | 5,652 | — | 3 | 296 | 5,359 |
| State and political subdivision | State and political subdivision | 4,010 | — | 64 | 470 | 3,604 | 4,074 | — | 125 | 400 | 3,799 |
| Foreign government | Foreign government | 1,079 | — | 20 | 133 | 966 | 1,148 | — | 39 | 106 | 1,081 |
| Total fixed maturity securities | Total fixed maturity securities | \$ 86,373 | \$ 22 | \$ 266 | \$ 11,184 | \$ 75,433 | \$ 84,344 | \$ 7 | \$ 752 | \$ 9,512 | \$ 75,577 |

The Company held non-income producing fixed maturity securities with an estimated fair value of \$12 \$51 million and \$52 million at September 30, 2023. The Company did not hold non-income producing fixed maturity securities at December 31, 2022, March 31, 2024 and December 31, 2023, respectively.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

7. Investments (continued)

Maturities of Fixed Maturity Securities

The amortized cost and estimated fair value of fixed maturity securities, by contractual maturity date, were as follows at September 30, 2023 March 31, 2024:

| | September 30, 2023 | | | | | | | March 31, 2024 | | | | | |
|----------------------|-------------------------|---------------------------------------|--|---------------------|---------------------------|---------------------------------|--|-------------------------|---------------------------------------|--|---------------------|---------------------------|---------------------------------|
| | Due in One Year or Less | Due After One Year Through Five Years | Due After Five Years Through Ten Years | Due After Ten Years | Structured Securities (1) | Total Fixed Maturity Securities | | Due in One Year or Less | Due After One Year Through Five Years | Due After Five Years Through Ten Years | Due After Ten Years | Structured Securities (1) | Total Fixed Maturity Securities |
| | (In millions) | | | | | | | (In millions) | | | | | |
| Amortized cost | \$ 2,207 | \$ 16,877 | \$ 15,314 | \$ 30,334 | \$ 21,641 | \$ 86,373 | | | | | | | |
| Estimated fair value | \$ 2,163 | \$ 15,977 | \$ 13,185 | \$ 24,635 | \$ 19,473 | \$ 75,433 | | | | | | | |

(1) Structured securities include residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS") and asset-backed securities ("ABS") (collectively, "Structured Securities").

Actual maturities may differ from contractual maturities due to the exercise of call or prepayment options. Fixed maturity securities not due at a single maturity date have been presented in the year of final contractual maturity. Structured Securities are shown separately, as they are not due at a single maturity.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6. Investments (continued)

Continuous Gross Unrealized Losses for Fixed Maturity Securities by Sector

The estimated fair value and gross unrealized losses of fixed maturity securities in an unrealized loss position, by sector and by length of time that the securities have been in a continuous unrealized loss position, were as follows at:

| | | September 30, 2023 | | | | December 31, 2022 | | | | | | | | | | | | | |
|----------------------------|----------------------------|---------------------|------------|----------------------|------------|---------------------|------------|----------------------|------------|-----------------------|--------|----|-------|----------------------|-------|----|-------|--|--|
| | | Less than 12 Months | | 12 Months or Greater | | Less than 12 Months | | 12 Months or Greater | | | | | | | | | | | |
| | | Estimated | Gross | Estimated | Gross | Estimated | Gross | Estimated | Gross | | | | | | | | | | |
| | | Fair | Unrealized | Fair | Unrealized | Fair | Unrealized | Fair | Unrealized | | | | | | | | | | |
| | | Value | Losses | Value | Losses | Value | Losses | Value | Losses | | | | | | | | | | |
| (Dollars in millions) | | | | | | | | | | | | | | | | | | | |
| | | March 31, 2024 | | | | | | | | March 31, 2024 | | | | December 31, 2023 | | | | | |
| | | Less than 12 Months | | | | | | | | Less than 12 Months | | | | 12 Months or Greater | | | | | |
| | | Estimated | | | | | | | | Estimated | | | | Gross | | | | | |
| | | Fair | | | | | | | | Fair | | | | Unrealized | | | | | |
| | | Value | | | | | | | | Value | | | | Losses | | | | | |
| (Dollars in millions) | | | | | | | | | | (Dollars in millions) | | | | | | | | | |
| U.S. corporate | U.S. corporate | \$ | 8,766 | \$ | 881 | \$ | 21,485 | \$ | 4,573 | \$ | 24,509 | \$ | 3,351 | \$ | 3,979 | \$ | 1,170 | | |
| Foreign corporate | Foreign corporate | | 2,032 | | 164 | | 8,039 | | 1,887 | | 8,260 | | 1,413 | | 1,601 | | 519 | | |
| U.S. government and agency | U.S. government and agency | | 3,098 | | 175 | | 3,395 | | 697 | | 3,121 | | 265 | | 1,147 | | 337 | | |

| | | | | | | | | | |
|---|---|-----------|----------|-----------|----------|-----------|----------|-----------|----------|
| RMBS | RMBS | 1,163 | 115 | 5,398 | 1,094 | 4,731 | 497 | 2,246 | 448 |
| CMBS | CMBS | 1,425 | 169 | 4,681 | 634 | 5,589 | 543 | 970 | 167 |
| ABS | ABS | 1,336 | 18 | 3,515 | 174 | 3,347 | 159 | 1,733 | 137 |
| State and political subdivision | State and political subdivision | 1,116 | 120 | 1,399 | 350 | 2,041 | 317 | 247 | 83 |
| Foreign government | Foreign government | 200 | 14 | 575 | 119 | 777 | 99 | 21 | 7 |
| Total fixed maturity securities | Total fixed maturity securities | \$ 19,136 | \$ 1,656 | \$ 48,487 | \$ 9,528 | \$ 52,375 | \$ 6,644 | \$ 11,944 | \$ 2,868 |
| Total | Total | | | | | | | | |
| number of securities in an unrealized loss position | number of securities in an unrealized loss position | 2,938 | 7,027 | 7,309 | | | 2,049 | | |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

7. Investments (continued)

Allowance for Credit Losses for Fixed Maturity Securities

Evaluation and Measurement Methodologies

For fixed maturity securities in an unrealized loss position, management first assesses whether the Company intends to sell, or whether it is more likely than not it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to estimated fair value through net investment gains (losses). For fixed maturity securities that do not meet the aforementioned criteria, management evaluates whether the decline in estimated fair value has resulted from credit losses or other factors. Inherent in management's evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. Considerations used in the allowance for credit loss evaluation process include, but are not limited to: (i) the extent to which estimated fair value is less than amortized cost; (ii) any changes to the rating of the security by a rating agency; (iii) adverse conditions specifically related to the security, industry or geographic area; and (iv) payment structure of the fixed maturity security and the likelihood of the issuer being able to make payments in the future or the issuer's failure to make scheduled interest and principal payments. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss is deemed to exist and an allowance for credit losses is recorded, limited by the amount that the estimated fair value is less than the amortized cost basis, with a corresponding charge to net investment gains (losses). Any unrealized losses that have not been recorded through an allowance for credit losses are recognized in OCI.

Once a security specific allowance for credit losses is established, the present value of cash flows expected to be collected from the security continues to be reassessed. Any changes in the security specific allowance for credit losses are recorded as a provision for (or reversal of) credit loss expense in net investment gains (losses).

Fixed maturity securities are also evaluated to determine whether any amounts have become uncollectible. When all, or a portion, of a security is deemed uncollectible, the uncollectible portion is written-off with an adjustment to amortized cost and a corresponding reduction to the allowance for credit losses.

Accrued interest receivables are presented separate from the amortized cost basis of fixed maturity securities. An allowance for credit losses is not estimated on an accrued interest receivable, rather receivable balances 90-days past due are deemed uncollectible and are written off with a corresponding reduction to net investment income. The accrued interest receivable on fixed maturity securities totaled \$689 million \$709 million and \$602 million \$655 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and is included in accrued investment income.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6. Investments (continued)

Fixed maturity securities are also evaluated to determine if they qualify as purchased financial assets with credit deterioration ("PCD"). To determine if the credit deterioration experienced since origination is more than insignificant, both (i) the extent of the credit deterioration and (ii) any rating agency downgrades are evaluated. For securities categorized as PCD assets, the present value of cash flows expected to be collected from the security are compared to the par value of the security. If the present value of cash flows expected to be collected is less than the par value, credit losses are embedded in the purchase price of the PCD asset. In this situation, both an allowance for credit losses and amortized cost gross-up is recorded, limited by the amount that the estimated fair value is less than the grossed-up amortized cost basis. Any difference

between the purchase price and the present value of cash flows is amortized or accreted into net investment income over the life of the PCD asset. Any subsequent PCD asset allowance for credit losses is evaluated in a manner similar to the process described above for fixed maturity securities.

Current Period Evaluation

Based on the Company's current evaluation of its fixed maturity securities in an unrealized loss position and the current intent or requirement to sell, the Company recorded an allowance for credit losses of ~~\$22 million~~ \$27 million, relating to ~~24~~ 23 securities at ~~September 30, 2023~~ March 31, 2024. Management concluded that for all other fixed maturity securities in an unrealized loss position, the unrealized loss was not due to issuer-specific credit-related factors and as a result was recognized in OCI. Where unrealized losses have not been recognized into income, it is primarily because the securities' bond issuer(s) are of high credit quality, management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in estimated fair value is largely due to changes in interest rates and non-issuer specific credit spreads. These issuers continued to make timely principal and interest payments and the estimated fair value is expected to recover as the securities approach maturity.

Rollforward of the Allowance for Credit Losses for Fixed Maturity Securities by Sector

The changes in the allowance for credit losses by sector were as follows:

| | U.S. Corporate | RMBS | Foreign Corporate | CMBS | Total |
|---|----------------|-------------|-------------------|-------------|--------------|
| (In millions) | | | | | |
| Nine Months Ended September 30, 2023 | | | | | |
| Balance, beginning of period | \$ 1 | \$ 2 | \$ 1 | \$ 3 | \$ 7 |
| Allowance on securities where credit losses were not previously recorded | 14 | 4 | — | — | 18 |
| Reductions for securities sold | (1) | — | — | (1) | (2) |
| Change in allowance on securities with an allowance recorded in a previous period | — | — | — | — | — |
| Write-offs charged against allowance (1) | — | — | (1) | — | (1) |
| Balance, end of period | <u>\$ 14</u> | <u>\$ 6</u> | <u>\$ —</u> | <u>\$ 2</u> | <u>\$ 22</u> |
| Nine Months Ended September 30, 2022 | | | | | |
| Balance, beginning of period | \$ 2 | \$ — | \$ 7 | \$ 2 | \$ 11 |
| Allowance on securities where credit losses were not previously recorded | — | 1 | — | — | 1 |
| Reductions for securities sold | (1) | — | — | — | (1) |
| Change in allowance on securities with an allowance recorded in a previous period | — | 1 | — | — | 1 |
| Write-offs charged against allowance (1) | — | — | (7) | — | (7) |
| Balance, end of period | <u>\$ 1</u> | <u>\$ 2</u> | <u>\$ —</u> | <u>\$ 2</u> | <u>\$ 5</u> |

(1) The Company recorded total write-offs of \$8 million and \$10 million for the nine months ended September 30, 2023 and 2022, respectively.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6.7. Investments (continued)

Allowance for Credit Losses for Fixed Maturity Securities

The allowance for credit losses for fixed maturity securities was \$27 million and \$21 million at March 31, 2024 and December 31, 2023, respectively. For both the three months ended March 31, 2024 and 2023, the change in the allowance for fixed maturity securities by sector was not significant. The Company did not record total write-offs for the three months ended March 31, 2024. The Company recorded total write-offs of \$7 million for the three months ended March 31, 2023.

Mortgage Loans

Mortgage Loans by Portfolio Segment

Mortgage loans are summarized as follows at:

| September 30, | | | | | | | |
|-----------------------|------------|-------------------|------------|----------------|------------|-------------------|------------|
| 2023 | | December 31, 2022 | | | | | |
| Carrying Value | % of Total | Carrying Value | % of Total | | | | |
| (Dollars in millions) | | | | | | | |
| March 31, 2024 | | | | March 31, 2024 | | December 31, 2023 | |
| Carrying Value | | | | Carrying Value | % of Total | Carrying Value | % of Total |

| (Dollars in millions) | | | | | | (Dollars in millions) | | | | | |
|-----------------------------|-----------------------------|-----------|---------|-----------|---------|---------------------------|-----------|-------|---------|-----------|-------|
| Commercial | Commercial | \$ 13,307 | 58.6 % | \$ 13,574 | 59.2 % | Commercial | \$ 13,208 | 58.3 | 58.3 % | \$ 13,193 | 58.6 |
| Agricultural | Agricultural | 4,461 | 19.7 | 4,365 | 19.0 | | | | | | 58.6 |
| Residential | Residential | 5,051 | 22.3 | 5,116 | 22.3 | | | | | | % |
| Total mortgage loans (1) | Total mortgage loans (1) | 22,819 | 100.6 | 23,055 | 100.5 | | | | | | |
| Allowance for credit losses | Allowance for credit losses | (137) | (0.6) | (119) | (0.5) | | | | | | |
| Total mortgage loans, net | Total mortgage loans, net | \$ 22,682 | 100.0 % | \$ 22,936 | 100.0 % | Total mortgage loans, net | \$ 22,670 | 100.0 | 100.0 % | \$ 22,508 | 100.0 |
| | | | | | | | | | | | % |

- (1) Purchases of mortgage loans from third parties were \$224 million \$161 million and \$255 million \$32 million for the three months ended March 31, 2024 and nine months ended September 30, 2023, respectively, and \$387 million and \$1.6 billion for the three months and nine months ended September 30, 2022, 2023, respectively, and were primarily comprised of residential mortgage loans.

Allowance for Credit Losses for Mortgage Loans

Evaluation and Measurement Methodologies

The allowance for credit losses is a valuation account that is deducted from the mortgage loan's amortized cost basis to present the net amount expected to be collected on the mortgage loan. The loan balance, or a portion of the loan balance, is written-off against the allowance when management believes this amount is uncollectible.

Accrued interest receivables are presented separate from the amortized cost basis of mortgage loans. An allowance for credit losses is generally not estimated on an accrued interest receivable, rather when a loan is placed in nonaccrual status the associated accrued interest receivable balance is written off with a corresponding reduction to net investment income. The accrued interest receivable on mortgage loans is included in accrued investment income and totaled \$118 million and \$115 million \$123 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

The allowance for credit losses is estimated using relevant available information, from internal and external sources, relating to past events, current conditions, and a reasonable and supportable forecast. Historical credit loss experience provides the basis for estimating expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics and environmental conditions. A reasonable and supportable forecast period of two-years is used with an input reversion period of one-year.

Mortgage loans are evaluated in each of the three portfolio segments to determine the allowance for credit losses. The loan-level loss rates are determined using individual loan terms and characteristics, risk pools/internal ratings, national economic forecasts, prepayment speeds, and estimated default and loss severity. The resulting loss rates are applied to the mortgage loan's amortized cost to generate an allowance for credit losses. In certain situations, the allowance for credit losses is measured as the difference between the loan's amortized cost and liquidation value of the collateral. These situations include collateral dependent loans, modifications, foreclosure probable loans, and loans with dissimilar risk characteristics.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6.7. Investments (continued)

Mortgage loans are also evaluated to determine if they qualify as PCD assets. To determine if the credit deterioration experienced since origination is more than insignificant, the extent of credit deterioration is evaluated. All re-performing/modified loan ("RPL") pools purchased after December 31, 2019 are determined to have been acquired with evidence of more than insignificant credit deterioration since origination and are classified as PCD assets. RPLs are pools of residential mortgage loans acquired at a discount or premium which have both credit and non-credit components. For PCD mortgage loans, the allowance for credit losses is determined using a similar methodology described above, except the loss-rate is determined at the pool level instead of the individual loan level. The initial allowance for credit losses, determined on a collective basis, is then allocated to the individual loans. The initial amortized cost of the loan is grossed-up to reflect the sum of the loan's purchase price and allowance for credit losses. The difference between the grossed-up amortized cost basis and the par value of the loan is a non-credit discount or premium, which is accreted or amortized into net investment income over the remaining life of the loan. Any subsequent PCD mortgage loan allowance for credit losses is evaluated in a manner similar to the process described above for each of the three portfolio segments.

Rollforward of the Allowance for Credit Losses for Mortgage Loans by Portfolio Segment

The changes in the allowance for credit losses by portfolio segment were as follows:

| Commercial | Commercial | Agricultural | Residential | Total |
|---------------|------------|--------------|---------------|-------|
| (In millions) | | | (In millions) | |

| | | | | | |
|--------------------------------------|------------------------------|--------------|-------------|-------|-------|
| Three Months Ended March 31, 2024 | | | | | |
| Balance, beginning of period | | | | | |
| Balance, beginning of period | | | | | |
| Balance, beginning of period | | | | | |
| Current period provision | | | | | |
| | Commercial | Agricultural | Residential | Total | |
| Balance, end of period | | | | | |
| | (In millions) | | | | |
| Nine Months Ended September 30, 2023 | | | | | |
| Balance, end of period | | | | | |
| Balance, end of period | | | | | |
| Three Months Ended March 31, 2023 | | | | | |
| Balance, beginning of period | | | | | |
| Balance, beginning of period | | | | | |
| Balance, beginning of period | Balance, beginning of period | \$ 49 | \$ 15 | \$ 55 | \$119 |
| Current period provision | Current period provision | 22 | 1 | — | 23 |
| Charge-offs, net of recoveries | | (4) | (1) | — | (5) |
| Balance, end of period | Balance, end of period | \$ 67 | \$ 15 | \$ 55 | \$137 |
| Nine Months Ended September 30, 2022 | | | | | |
| Balance, beginning of period | | | | | |
| | \$ 67 | \$ 12 | \$ 44 | \$123 | |
| Current period provision | | | | | |
| | 1 | 3 | (5) | (1) | |
| Charge-offs, net of recoveries | | (23) | — | — | (23) |

| | | | | | |
|------------------------|------------------------|----|----|----|-------------|
| Balance, end of period | Balance, end of period | | | | |
| | \$ | 45 | \$ | 15 | \$ 39 \$ 99 |
| Balance, end of period | | | | | |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6. 7. Investments (continued)

Credit Quality of Mortgage Loans by Portfolio Segment

The amortized cost of mortgage loans by year of origination and credit quality indicator was as follows at:

| | | 2023 | 2022 | 2021 | 2020 | 2019 | Prior | Total |
|---------------------------------|---------------------------------|---------------|----------|----------|--------|----------|----------|----------|
| | | (In millions) | | | | | | |
| September 30, 2023 | | | | | | | | |
| | 2024 | 2024 | 2023 | 2022 | 2021 | 2020 | Prior | Total |
| | | (In millions) | | | | | | |
| March 31, 2024 | | | | | | | | |
| Commercial mortgage loans | | | | | | | | |
| Commercial mortgage loans | | | | | | | | |
| Commercial mortgage loans | Commercial mortgage loans | | | | | | | |
| Loan-to-value ratios: | Loan-to-value ratios: | | | | | | | |
| Loan-to-value ratios: | | | | | | | | |
| Less than 65% | | | | | | | | |
| Less than 65% | | | | | | | | |
| Less than 65% | Less than 65% | \$ 161 | \$ 1,876 | \$ 2,515 | \$ 224 | \$ 1,289 | \$ 2,826 | \$ 8,891 |
| 65% to 75% | 65% to 75% | — | 529 | 650 | 177 | 269 | 1,195 | 2,820 |
| 76% to 80% | 76% to 80% | — | 12 | 50 | 39 | 209 | 508 | 818 |
| Greater than 80% | Greater than 80% | — | — | — | — | 95 | 683 | 778 |
| Total commercial mortgage loans | Total commercial mortgage loans | 161 | 2,417 | 3,215 | 440 | 1,862 | 5,212 | 13,307 |
| Agricultural mortgage loans | Agricultural mortgage loans | | | | | | | |
| Loan-to-value ratios: | Loan-to-value ratios: | | | | | | | |
| Loan-to-value ratios: | | | | | | | | |
| Less than 65% | | | | | | | | |
| Less than 65% | | | | | | | | |
| Less than 65% | Less than 65% | 160 | 574 | 1,138 | 459 | 507 | 1,334 | 4,172 |
| 65% to 75% | 65% to 75% | — | 127 | 107 | 6 | 31 | 18 | 289 |
| Greater than 80% | | — | — | — | — | — | — | — |

| | | | | | | | | |
|-----------------------------------|-----------------------------------|---------|---------|---------|---------|---------|---------|----------|
| Total agricultural mortgage loans | | | | | | | | |
| Total agricultural mortgage loans | | | | | | | | |
| Total agricultural mortgage loans | Total agricultural mortgage loans | 160 | 701 | 1,245 | 465 | 538 | 1,352 | 4,461 |
| Residential mortgage loans | Residential mortgage loans | | | | | | | |
| Performing | | | | | | | | |
| Performing | Performing | 99 | 1,274 | 1,693 | 149 | 208 | 1,543 | 4,966 |
| Nonperforming | Nonperforming | — | 20 | 20 | 1 | 2 | 42 | 85 |
| Total residential mortgage loans | Total residential mortgage loans | 99 | 1,294 | 1,713 | 150 | 210 | 1,585 | 5,051 |
| Total | Total | \$420 | \$4,412 | \$6,173 | \$1,055 | \$2,610 | \$8,149 | \$22,819 |
| | | 2022 | 2021 | 2020 | 2019 | 2018 | Prior | Total |
| (In millions) | | | | | | | | |
| December 31, 2022 | | | | | | | | |
| 2023 | | | | | | | | |
| (In millions) | | | | | | | | |
| December 31, 2023 | | | | | | | | |
| Commercial mortgage loans | | | | | | | | |
| Commercial mortgage loans | | | | | | | | |
| Commercial mortgage loans | Commercial mortgage loans | | | | | | | |
| Loan-to-value ratios: | Loan-to-value ratios: | | | | | | | |
| Loan-to-value ratios: | | | | | | | | |
| Loan-to-value ratios: | | | | | | | | |
| Less than 65% | | | | | | | | |
| Less than 65% | | | | | | | | |
| Less than 65% | Less than 65% | \$1,916 | \$2,819 | \$405 | \$1,493 | \$888 | \$3,627 | \$11,148 |
| 65% to 75% | 65% to 75% | 503 | 354 | — | 271 | 367 | 425 | 1,920 |
| 76% to 80% | 76% to 80% | — | 18 | 40 | 90 | 65 | 48 | 261 |
| Greater than 80% | Greater than 80% | — | — | — | 25 | 57 | 163 | 245 |
| Total commercial mortgage loans | Total commercial mortgage loans | 2,419 | 3,191 | 445 | 1,879 | 1,377 | 4,263 | 13,574 |
| Agricultural mortgage loans | Agricultural mortgage loans | | | | | | | |
| Loan-to-value ratios: | Loan-to-value ratios: | | | | | | | |
| Loan-to-value ratios: | | | | | | | | |
| Loan-to-value ratios: | | | | | | | | |

| | Commercial | | Agricultural | | Residential (1) | | Total |
|-------------------|---------------|----|--------------|---|-----------------|-----|--------|
| | (In millions) | | | | | | |
| March 31, 2024 | \$ | 31 | \$ | — | \$ | 101 | \$ 132 |
| December 31, 2023 | \$ | 17 | \$ | — | \$ | 90 | \$ 107 |

(1) The Company had no mortgage loans in nonaccrual status for which there was no related allowance for credit losses at both **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

Current period investment income on mortgage loans in nonaccrual status was less than \$1 million for both the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**.

Modified Mortgage Loans by Portfolio Segment

Under certain circumstances, modifications are granted to nonperforming mortgage loans. Generally, the types of concessions may include interest rate reduction, term extension, principal forgiveness, or a combination of all three. The Company did not have a significant amount of mortgage loans modified during both the three months ended **March 31, 2024** and **2023**.

Other Invested Assets

Over **75%** **80%** of other invested assets is comprised of freestanding derivatives with positive estimated fair values. See Note **7** **8** for information about freestanding derivatives with positive estimated fair values. Other invested assets also includes the Company's investment in company-owned life insurance, Federal Home Loan Bank ("FHLB") stock, tax credit and renewable energy partnerships and leveraged leases.

Net Unrealized Investment Gains (Losses)

Unrealized investment gains (losses) on fixed maturity securities and the effect on future policy benefits, that would result from the realization of the unrealized gains (losses), are included in net unrealized investment gains (losses) in **AOCI**, **accumulated other comprehensive income (loss)** ("AOCI").

The components of net unrealized investment gains (losses), included in AOCI, were as follows at:

| | | September 30, 2023 | | December 31, 2022 | |
|--|--|--------------------|------------|-------------------|--|
| | | (In millions) | | (In millions) | |
| | | March 31, 2024 | | March 31, 2024 | |
| | | (In millions) | | (In millions) | |
| Fixed maturity securities | Fixed maturity securities | \$ (10,918) | \$ (8,760) | | |
| Derivatives | Derivatives | 509 | 638 | | |
| Derivatives | Derivatives | | | | |
| Other | Other | | | | |
| Other | Other | (8) | 3 | | |
| Subtotal | Subtotal | (10,417) | (8,119) | | |
| Amounts allocated from: | Amounts allocated from: | | | | |
| Future policy benefits | Future policy benefits | 1,290 | 917 | | |
| Future policy benefits | Future policy benefits | | | | |
| Deferred income tax benefit (expense) | Deferred income tax benefit (expense) | 1,917 | 1,512 | | |
| Net unrealized investment gains (losses) | Net unrealized investment gains (losses) | \$ (7,210) | \$ (5,690) | | |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6.7. Investments (continued)

The changes in net unrealized investment gains (losses) were as follows:

| | | Nine Three Months Ended | |
|--|--------------------|-------------------------|-----------------|
| | | September 30, 2023 | March 31, 2024 |
| | | (In millions) | |
| Balance at | December 31, 2022 | December 31, 2023 | |
| | | \$ | (5,690) (4,040) |
| Unrealized investment gains (losses) during the period | | | (2,298) (895) |
| Unrealized investment gains (losses) relating to: | | | |
| Future policy benefits | | | 373 161 |
| Deferred income tax benefit (expense) | | | 405 154 |
| Balance at | September 30, 2023 | March 31, 2024 | |
| | | \$ | (7,210) (4,620) |
| Change in net unrealized investment gains (losses) | | \$ | (1,520) (580) |

Concentrations of Credit Risk

There were no investments in any counterparty that were greater than 10% of the Company's equity, other than the U.S. government and its agencies, at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

Securities Lending

Elements of the securities lending program are presented below at:

| | | September 30, 2023 | December 31, 2022 |
|--|--|--------------------|-------------------|
| | | (In millions) | |
| | | March 31, 2024 | December 31, 2023 |
| | | (In millions) | |
| Securities on loan: (1) | Securities on loan: (1) | | |
| Amortized cost | Amortized cost | | |
| Amortized cost | Amortized cost | | |
| Estimated fair value | Estimated fair value | | |
| Cash collateral received from counterparties (2) | Cash collateral received from counterparties (2) | | |
| Reinvestment portfolio — estimated fair value | Reinvestment portfolio — estimated fair value | | |
| Reinvestment portfolio — estimated fair value | Reinvestment portfolio — estimated fair value | | |

(1) Included in fixed maturity securities.

(2) Included in payables for collateral under securities loaned and other transactions.

The cash collateral liability by loaned security type and remaining tenor of the agreements were as follows at:

| | | September 30, 2023 | | | | December 31, 2022 | | | |
|---------------------|------------|--------------------|---------|---------|---------|-------------------|---------|--------|---------|
| | | Open | 1 Month | 1 to 6 | Total | Open | 1 Month | 1 to 6 | Total |
| | | (1) | or Less | Months | | (1) | or Less | Months | |
| | | (In millions) | | | | | | | |
| | | March 31, 2024 | | | | | | | |
| | | March 31, 2024 | | | | | | | |
| | | March 31, 2024 | | | | | | | |
| | Open (1) | | | | | | | | |
| | | (In millions) | | | | | | | |
| | | (In millions) | | | | | | | |
| | | (In millions) | | | | | | | |
| U.S. | U.S. | | | | | | | | |
| government | government | | | | | | | | |
| and agency | and agency | \$714 | \$1,064 | \$ 996 | \$2,774 | \$640 | \$1,527 | \$ 984 | \$3,151 |
| U.S. government and | | | | | | | | | |
| agency | | | | | | | | | |
| U.S. government and | | | | | | | | | |
| agency | | | | | | | | | |
| U.S. corporate | | | | | | | | | |
| U.S. corporate | | | | | | | | | |
| U.S. | U.S. | | | | | | | | |
| corporate | corporate | — | 253 | 27 | 280 | 2 | 410 | — | 412 |
| Foreign | Foreign | | | | | | | | |
| corporate | corporate | — | 99 | 8 | 107 | — | 152 | — | 152 |
| Foreign corporate | | | | | | | | | |
| Foreign corporate | | | | | | | | | |
| Foreign government | | | | | | | | | |
| Foreign government | | | | | | | | | |
| Foreign | Foreign | | | | | | | | |
| government | government | — | 4 | 6 | 10 | — | 16 | — | 16 |
| Total | Total | \$714 | \$1,420 | \$1,037 | \$3,171 | \$642 | \$2,105 | \$ 984 | \$3,731 |
| Total | | | | | | | | | |
| Total | | | | | | | | | |

(1) The related loaned security could be returned to the Company on the next business day which would require the Company to immediately return the cash collateral.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6.7. Investments (continued)

If the Company is required to return significant amounts of cash collateral on short notice and is forced to sell securities to meet the return obligation, it may have difficulty selling such collateral that is invested in securities in a timely manner, be forced to sell securities in a volatile or illiquid market for less than what otherwise would have been realized in normal market conditions, or both. The estimated fair value of the securities on loan related to the cash collateral on open at September 30, 2023 March 31, 2024 was \$699 \$568 million, primarily comprised of U.S. government and agency securities which, if put back to the Company, could be immediately sold to satisfy the cash requirement.

The reinvestment portfolio acquired with the cash collateral consisted principally of fixed maturity securities (including agency RMBS, ABS, U.S. government and agency securities, U.S. and foreign corporate securities, non-agency RMBS and CMBS) with 58% 54% invested in agency RMBS, U.S. government and agency securities agency RMBS and cash and cash equivalents at September 30, 2023 March 31, 2024. If the securities on loan or the reinvestment portfolio become less liquid, the Company has the liquidity resources of most of its general account available to meet any potential cash demands when securities on loan are put back to the Company.

Invested Assets on Deposit, Held in Trust and Pledged as Collateral

Invested assets on deposit, held in trust and pledged as collateral at estimated fair value were as follows at:

| September | December |
|-----------|----------|
| 30, 2023 | 31, 2022 |

| (In millions) | | | |
|---|---|-------------------|-----------|
| March 31, 2024 | | March 31, 2024 | |
| (In millions) | | December 31, 2023 | |
| | | (In millions) | |
| Invested assets on deposit (regulatory deposits) (1) | Invested assets on deposit (regulatory deposits) (1) | \$ 7,863 | \$ 7,999 |
| Invested assets held in trust (reinsurance agreements) (2) | Invested assets held in trust (reinsurance agreements) (2) | 5,536 | 5,621 |
| Invested assets pledged as collateral (3) | Invested assets pledged as collateral (3) | 14,260 | 13,920 |
| Total invested assets on deposit, held in trust and pledged as collateral | Total invested assets on deposit, held in trust and pledged as collateral | \$ 27,659 | \$ 27,540 |

- (1) The Company has assets, primarily fixed maturity securities, on deposit with governmental authorities relating to certain policyholder liabilities, of which \$94 million \$37 million and \$21 million \$102 million of the assets on deposit represents restricted cash and cash equivalents at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.
- (2) The Company has assets, primarily fixed maturity securities, held in trust relating to certain reinsurance transactions, of which \$228 million \$99 million and \$240 million \$120 million of the assets held in trust balance represents restricted cash and cash equivalents at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.
- (3) The Company has pledged invested assets in connection with various agreements and transactions, including funding agreements (see Note 3 4 of the Notes to the Consolidated Financial Statements included in the 2022 2023 Annual Report) and derivative transactions (see Note 7 8).

See “— Securities Lending” for information regarding securities on loan. In addition, the Company’s investment in FHLB common stock, which is considered restricted until redeemed by the issuer, was \$247 million and \$201 million \$245 million at redemption value at September 30, 2023 both March 31, 2024 and December 31, 2022, respectively. December 31, 2023.

Variable Interest Entities

A variable interest entity (“VIE”) is a legal entity that does not have sufficient equity at risk to finance its activities or is structured such that equity investors lack the ability to make significant decisions relating to the entity’s operations through voting rights or do not substantively participate in the gains and losses of the entity.

The Company enters into various arrangements with VIEs in the normal course of business and has invested in legal entities that are VIEs. VIEs are consolidated when it is determined that the Company is the primary beneficiary. A primary beneficiary is the variable interest holder in a VIE with both (i) the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and (ii) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. In addition, the evaluation of whether a legal entity is a VIE and if the Company is a primary beneficiary includes a review of the capital structure of the VIE, the related contractual relationships and terms, the nature of the operations and purpose of the VIE, the nature of the VIE interests issued and the Company’s involvement with the entity.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6. 7. Investments (continued)

There were no material VIEs for which the Company has concluded that it is the primary beneficiary at either September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023.

The carrying amount and maximum exposure to loss related to the VIEs for which the Company has concluded that it holds a variable interest, but is not the primary beneficiary, were as follows at:

| | | September 30, 2023 | | December 31, 2022 | | March 31, 2024 | | December 31, 2023 | |
|-------------------------------|-------------------------------|--------------------|-----------|-------------------|-----------|----------------|----------|-------------------|----------|
| | | Maximum | | Maximum | | | | | |
| | | Carrying | Exposure | Carrying | Exposure | Carrying | Maximum | Carrying | Maximum |
| | | Amount | to Loss | Amount | to Loss | Amount | Exposure | Amount | Exposure |
| | | | | | | | | | |
| | | (In millions) | | | | (In millions) | | | |
| Fixed maturity securities | Fixed maturity securities | \$ 14,940 | \$ 16,780 | \$ 15,896 | \$ 17,471 | | | | |
| Limited partnerships and LLCs | Limited partnerships and LLCs | 4,358 | 5,544 | 4,136 | 5,491 | | | | |
| Total | Total | \$ 19,298 | \$ 22,324 | \$ 20,032 | \$ 22,962 | | | | |

The Company's investments in unconsolidated VIEs are described below.

Fixed Maturity Securities

The Company invests in U.S. corporate bonds, foreign corporate bonds and Structured Securities issued by VIEs. The Company is not obligated to provide any financial or other support to these VIEs, other than the original investment. The Company's involvement with these entities is limited to that of a passive investor. The Company has no unilateral right to appoint or remove the servicer, special servicer, or investment manager, which are generally viewed as having the power to direct the activities that most significantly impact the economic performance of the VIE, nor does the Company function in any of these roles. The Company does not have the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the entity; as a result, the Company has determined it is not the primary beneficiary, or consolidator, of the VIE. The Company's maximum exposure to loss on these fixed maturity securities is limited to the amortized cost of these investments. See "— Fixed Maturity Securities Available-for-sale" for information on these securities.

Limited Partnerships and LLCs

The Company holds investments in certain limited partnerships and LLCs which are VIEs. These ventures include limited partnerships, LLCs, private equity funds, and, to a lesser extent, tax credit and renewable energy partnerships. The Company is not considered the primary beneficiary, or consolidator, when its involvement takes the form of a limited partner interest and is restricted to a role of a passive investor, as a limited partner's interest does not provide the Company with any substantive kick-out or participating rights, nor does it provide the Company with the power to direct the activities of the fund. The Company's maximum exposure to loss on these investments is limited to: (i) the amount invested in debt or equity of the VIE and (ii) commitments to the VIE, as described in Note 13.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6.7. Investments (continued)

Net Investment Income

The components of net investment income were as follows:

| | | Three Months Ended September 30, 2023 | | Nine Months Ended September 30, 2022 | |
|---------------------------|-----------------------------------|---------------------------------------|------|--------------------------------------|------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | (In millions) | | | |
| Investment income: | Three Months Ended March 31, 2024 | | | | |
| | Three Months Ended March 31, 2024 | | | | |
| | Three Months Ended March 31, 2024 | | | | |
| | Three Months Ended March 31, 2024 | | | | |
| | | 2024 | | 2023 | |
| | | (In millions) | | (In millions) | |
| Fixed maturity securities | Fixed maturity securities | | | | |
| Fixed maturity securities | Fixed maturity securities | | | | |

| | | | | | |
|---|---|---------|--------|----------|----------|
| Fixed maturity securities | Fixed maturity securities | \$ 897 | \$ 787 | \$ 2,602 | \$ 2,247 |
| Equity securities | Equity securities | 1 | 1 | 2 | 2 |
| Mortgage loans | Mortgage loans | 240 | 208 | 716 | 616 |
| Policy loans | Policy loans | 17 | 16 | 50 | 48 |
| Limited partnerships and LLCs (1) | Limited partnerships and LLCs (1) | 53 | (106) | 129 | 257 |
| Cash, cash equivalents and short-term investments | Cash, cash equivalents and short-term investments | 61 | 22 | 166 | 29 |
| Other | Other | 24 | 20 | 66 | 52 |
| Total investment income | Total investment income | 1,293 | 948 | 3,731 | 3,251 |
| Less: Investment expenses | Less: Investment expenses | 91 | 71 | 274 | 162 |
| Net investment income | Net investment income | \$1,202 | \$877 | \$3,457 | \$3,089 |

(1) Includes net investment income pertaining to other limited partnership interests of \$64 million \$93 million and \$156 million (\$1) million for the three months ended March 31, 2024 and nine months ended September 30, 2023, respectively, and (\$127) million and \$178 million for the three months and nine months ended September 30, 2022, 2023, respectively.

Net Investment Gains (Losses)

Components of Net Investment Gains (Losses)

The components of net investment gains (losses) were as follows:

| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | | | | | | | | |
|------------------------------|----------------------------------|---------|---------|----------|---------------------------------|--|------|---------------|--|--|--|--|--|--|--|
| | 2023 | | 2022 | | 2023 | | 2022 | | | | | | | | |
| | (In millions) | | | | | | | | | | | | | | |
| | Three Months Ended March 31, | | | | | | | | | | | | | | |
| | Three Months Ended March 31, | | | | | | | | | | | | | | |
| Three Months Ended March 31, | | | | | | | | | | | | | | | |
| 2024 | | | | 2024 | | | | 2023 | | | | | | | |
| (In millions) | | | | | | | | (In millions) | | | | | | | |
| Fixed maturity securities | Fixed maturity securities | \$ (54) | \$ (38) | \$ (185) | \$ (140) | | | | | | | | | | |
| Equity securities | Equity securities | (1) | (2) | (2) | (14) | | | | | | | | | | |
| Mortgage loans | Mortgage loans | 3 | 2 | (24) | (1) | | | | | | | | | | |

| | | | | | |
|-------------------------------------|-------------------------------------|----------------|----------------|-----------------|-----------------|
| Limited partnerships and LLCs | | — | (4) | — | (21) |
| Other | | (1) | (3) | (2) | (3) |
| Total net investment gains (losses) | Total net investment gains (losses) | <u>\$ (53)</u> | <u>\$ (45)</u> | <u>\$ (213)</u> | <u>\$ (179)</u> |
| Total net investment gains (losses) | | | | | |
| Total net investment gains (losses) | | | | | |

Gains (losses) from foreign currency transactions included within net investment gains (losses) were **(\$2) million not significant** for both the three months ended March 31, 2024 and nine months ended September 30, 2023, and **(\$1) million and (\$22) million** for the three months and nine months ended September 30, 2022, respectively, 2023.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6.7. Investments (continued)

Sales or Disposals of Fixed Maturity Securities

Investment gains and losses on sales of securities are determined on a specific identification basis. Proceeds from sales or disposals of fixed maturity securities and the components of fixed maturity securities net investment gains (losses) were as follows:

| | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|-------------------------------|-------------------------------|-------------------------------------|---------|------------------------------------|----------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | (In millions) | | | |
| | | Three Months Ended March 31, | | Three Months Ended March 31, | |
| | | 2024 | 2024 | 2023 | 2023 |
| | | (In millions) | | (In millions) | |
| Proceeds | Proceeds | \$494 | \$1,146 | \$1,771 | \$5,261 |
| Gross investment gains | Gross investment gains | \$ 1 | \$ 1 | \$ 12 | \$ 47 |
| Gross investment losses | Gross investment losses | (44) | (38) | (173) | (181) |
| Net investment gains (losses) | Net investment gains (losses) | \$ (43) | \$ (37) | \$ (161) | \$ (134) |

7.8. Derivatives

Accounting for Derivatives

See Notes 1 and 8 of the Notes to the Consolidated Financial Statements included in the 2022 2023 Annual Report for a description of the Company's accounting policies for derivatives and the fair value hierarchy for derivatives.

Types of Derivative Instruments and Derivative Strategies

The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to minimize its exposure to various market risks. Commonly used derivative instruments include, but are not necessarily limited to:

- Interest rate derivatives: swaps, floors, caps, swaptions and forwards;
- Foreign currency exchange rate derivatives: forwards and swaps;
- Equity market derivatives: options, total return swaps and hybrid options; and
- Credit derivatives: single and index reference credit default swaps and swaptions.

For detailed information on these contracts and the related strategies, see Note 7 of the Notes to the Consolidated Financial Statements included in the 2022 2023 Annual Report. In the first quarter of 2024, the Company entered into interest rate swaps to manage the interest rate risk in funding agreement liabilities. These interest rate swaps are qualifying hedges.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

7.8. Derivatives (continued)

Primary Risks Managed by Derivatives

The primary underlying risk exposure, gross notional amount and estimated fair value of derivatives, excluding embedded derivatives, held were as follows at:

| | | September 30, 2023 | | | December 31, 2022 | | |
|----------------------------------|--------|--------------------|--------|----------------|-------------------|--------|----------------|
| | | Gross | | Estimated Fair | Gross | | Estimated Fair |
| | | Notional | | Value | Notional | | Value |
| | | Amount | Assets | Liabilities | Amount | Assets | Liabilities |
| Primary Underlying Risk Exposure | | (In millions) | | | | | |
| | | March 31, 2024 | | | March 31, 2024 | | |
| | | Gross | | Estimated Fair | Gross | | Estimated Fair |
| | | Notional | | Value | Notional | | Fair Value |
| Primary Underlying Risk Exposure | Assets | Amount | Assets | Liabilities | Amount | Assets | Liabilities |
| | | (In millions) | | | (In millions) | | |
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|--|--|--------------------------------|-----------|---------|---------|-----------|---------|---------|
| Interest rate caps | Interest rate caps | Interest rate | 5,800 | 80 | 27 | 6,350 | 137 | 43 |
| Interest rate options | | | | | | | | |
| Interest rate options | | | | | | | | |
| Interest rate options | Interest rate options | Interest rate | 31,080 | 19 | 303 | 28,688 | 22 | 232 |
| Interest rate forwards | Interest rate forwards | Interest rate | 16,441 | 178 | 2,867 | 18,168 | 35 | 2,466 |
| Foreign currency swaps | Foreign currency swaps | Foreign currency exchange rate | 771 | 125 | — | 822 | 148 | — |
| Foreign currency forwards | Foreign currency forwards | Foreign currency exchange rate | 480 | 5 | 1 | 487 | 1 | 10 |
| Credit default swaps — written | Credit default swaps — written | Credit | 1,530 | 21 | 1 | 1,757 | 18 | 2 |
| Credit default swaps — written | | | | | | | | |
| Credit default swaps — written | | | | | | | | |
| Credit default swaptions | Credit default swaptions | Credit | — | — | — | 100 | — | — |
| Equity index options | Equity index options | Equity market | 16,215 | 508 | 436 | 17,229 | 697 | 351 |
| Equity index options | | | | | | | | |
| Equity index options | | | | | | | | |
| Equity total return swaps | | | | | | | | |
| Equity total return swaps | | | | | | | | |
| Equity total return swaps | Equity total return swaps | Equity market | 56,332 | 931 | 1,061 | 32,909 | 520 | 747 |
| Hybrid options | Hybrid options | Equity market | 630 | 7 | — | — | — | — |
| Total non-designated or non-qualifying derivatives | Total non-designated or non-qualifying derivatives | | 162,806 | 2,044 | 4,977 | 112,905 | 1,688 | 3,900 |
| Total | Total | | \$166,748 | \$2,516 | \$4,991 | \$116,991 | \$2,284 | \$3,920 |

Based on gross notional amounts, a substantial portion of the Company's derivatives was not designated or did not qualify as part of a hedging relationship at both **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**. The Company's use of derivatives includes (i) derivatives that serve as **macro** hedges of the Company's exposure to various risks and generally do not qualify for hedge accounting because they do not meet the criteria required under portfolio hedging rules; (ii) derivatives that economically hedge insurance liabilities and generally do not qualify for hedge accounting because they do not meet the criteria of being "highly effective" as outlined in Accounting Standards Codification 815 — Derivatives and Hedging; (iii) derivatives that economically hedge MRBs that do not qualify for hedge accounting because the changes in estimated fair value of the MRBs are already recorded in net income; and (iv) written credit default swaps that are used to create synthetic credit investments and that do not qualify for hedge accounting because they do not involve a hedging relationship.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

7.8. Derivatives (continued)

The amount and location of gains (losses), including earned income, recognized for derivatives and gains (losses) pertaining to hedged items reported in net derivative gains (losses) were as follows:

| | Net Derivative Gains (Losses) Recognized for Derivatives | Net Derivative Gains (Losses) Recognized for Hedged Items | Net Investment Income | Amount of Gains (Losses) Deferred in AOCI |
|--|--|---|-----------------------|--|
| | (In millions) | | | |

| | | | | |
|---|----|---------|------|------|
| Three Months Ended September 30, 2023 | | | | |
| Derivatives Designated as Hedging Instruments: | | | | |
| Cash flow hedges: | | | | |
| Interest rate | \$ | — | \$ | — |
| Foreign currency exchange rate | | 1 | (1) | 13 |
| Total cash flow hedges | | 1 | (1) | 14 |
| Derivatives Not Designated or Not Qualifying as Hedging Instruments: | | | | |
| Interest rate | | (1,481) | — | — |
| Foreign currency exchange rate | | 21 | (16) | — |
| Credit | | 3 | — | — |
| Equity market | | (280) | — | — |
| Embedded | | 913 | — | — |
| Total non-qualifying hedges | | (824) | (16) | — |
| Total | \$ | (823) | \$ | (17) |
| | | | \$ | 14 |
| | | | \$ | (33) |
| Three Months Ended September 30, 2022 | | | | |
| Derivatives Designated as Hedging Instruments: | | | | |
| Cash flow hedges: | | | | |
| Interest rate | \$ | — | \$ | — |
| Foreign currency exchange rate | | 8 | (6) | 17 |
| Total cash flow hedges | | 8 | (6) | 18 |
| Derivatives Not Designated or Not Qualifying as Hedging Instruments: | | | | |
| Interest rate | | (1,233) | — | — |
| Foreign currency exchange rate | | 99 | (23) | — |
| Credit | | 5 | — | — |
| Equity market | | 40 | — | — |
| Embedded | | 518 | — | — |
| Total non-qualifying hedges | | (571) | (23) | — |
| Total | \$ | (563) | \$ | (29) |
| | | | \$ | 18 |
| | | | \$ | 333 |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

7. Derivatives (continued)

| | Net | Net | Amount of Gains (Losses) | | | |
|---|---|----------------------------|--------------------------------|---------------|----------------------|-----------------|
| | Derivative | Derivative | | | | |
| | Gains | Gains | | | | |
| | (Losses) | (Losses) | | | | |
| | Recognized | Recognized | | Net | | |
| | for | for Hedged | | Investment | Deferred | |
| | Derivatives | Items | | Income | in AOCI | |
| Nine Months Ended September 30, 2023 | (In millions) | | | | | |
| | | | | | | |
| | Net Derivative | | | | | |
| | Gains (Losses) | | | | | |
| | Recognized for | | Net | Policyholder | | Amount of Gains |
| | Derivatives | | Investment | Benefits and | (Losses) Deferred in | |
| | | Recognized for Derivatives | Recognized for Hedged Items | Income | Claims | AOCI |
| | Three Months Ended March 31, 2024 | (In millions) | | (In millions) | | |
| | | | | | | |

| | | | | | |
|--|--|------------|---------|-------|----------|
| Derivatives Designated as Hedging Instruments: | | | | | |
| Derivatives Designated as Hedging Instruments: | | | | | |
| Derivatives Designated as Hedging Instruments: | Derivatives Designated as Hedging Instruments: | | | | |
| Cash flow hedges: | Cash flow hedges: | | | | |
| Cash flow hedges: | | | | | |
| Cash flow hedges: | | | | | |
| Interest rate | | | | | |
| Interest rate | Interest rate | \$ (2) | \$ — | \$ 3 | \$ (1) |
| Foreign currency exchange rate | Foreign currency exchange rate | 5 | (6) | 40 | (122) |
| Total cash flow hedges | Total cash flow hedges | 3 | (6) | 43 | (123) |
| Derivatives Not Designated or Not Qualifying as Hedging Instruments: | Derivatives Not Designated or Not Qualifying as Hedging Instruments: | | | | |
| Interest rate | | | | | |
| Interest rate | | | | | |
| Interest rate | Interest rate | (1,422) | — | — | — |
| Foreign currency exchange rate | Foreign currency exchange rate | 25 | (12) | — | — |
| Credit | Credit | 22 | — | — | — |
| Equity market | Equity market | 44 | — | — | — |
| Embedded | Embedded | (1,880) | — | — | — |
| Total non-qualifying hedges | Total non-qualifying hedges | (3,211) | (12) | — | — |
| Total | Total | \$ (3,208) | \$ (18) | \$ 43 | \$ (123) |
| Nine Months Ended September 30, 2022 | | | | | |
| Three Months Ended March 31, 2023 | | | | | |
| Derivatives Designated as Hedging Instruments: | | | | | |
| Derivatives Designated as Hedging Instruments: | | | | | |
| Derivatives Designated as Hedging Instruments: | Derivatives Designated as Hedging Instruments: | | | | |
| Cash flow hedges: | Cash flow hedges: | | | | |
| Cash flow hedges: | | | | | |
| Cash flow hedges: | | | | | |

| | | | | | |
|--|--------------------------------|----------|---------|-------|---------|
| Interest rate | | | | | |
| Interest rate | | | | | |
| Interest rate | Interest rate | \$ 4 | \$ — | \$ 3 | \$ (49) |
| Foreign currency exchange rate | Foreign currency exchange rate | 9 | (8) | 42 | 666 |
| Total cash flow hedges | Total cash flow hedges | 13 | (8) | 45 | 617 |
| Derivatives Not Designated or Not Qualifying as Hedging Instruments: | | | | | |
| Derivatives Not Designated or Not Qualifying as Hedging Instruments: | | | | | |
| Interest rate | | | | | |
| Interest rate | | | | | |
| Interest rate | Interest rate | (3,671) | — | — | — |
| Foreign currency exchange rate | Foreign currency exchange rate | 212 | (62) | — | — |
| Credit | Credit | (27) | — | — | — |
| Equity market | Equity market | 768 | — | — | — |
| Embedded | Embedded | 4,106 | — | — | — |
| Total non-qualifying hedges | Total non-qualifying hedges | 1,388 | (62) | — | — |
| Total | Total | \$ 1,401 | \$ (70) | \$ 45 | \$ 617 |

At September 30, 2023 March 31, 2024 and December 31, 2023, the Company held no qualified derivatives hedging exposure to future cash flows for forecasted asset purchases. At December 31, 2022, the maximum length of time over which the Company was hedging its exposure to variability in future cash flows for forecasted transactions was less than one year.

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the balance in AOCI associated with cash flow hedges was \$509 million \$401 million and \$638 \$351 million, respectively.

Credit Derivatives

In connection with synthetically created credit investment transactions, the Company writes credit default swaps for which it receives a premium to insure credit risk. If a credit event occurs, as defined by the contract, the contract may be cash settled or it may be settled gross by the Company paying the counterparty the specified swap notional amount in exchange for the delivery of par quantities of the referenced credit obligation.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

7.8. Derivatives (continued)

The estimated fair value, maximum amount of future payments and weighted average years to maturity of written credit default swaps were as follows at:

| September 30, 2023 | | | | | | | | December 31, 2022 | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| March 31, 2024 | | | | | | | | March 31, 2024 | | | | | | | |
| Rating Agency Designation of Referenced Credit Obligations (1) | Rating Agency Designation of Referenced Credit Obligations (1) | Estimated Fair Value of Credit Default Swaps | Maximum Amount of Future Payments under Credit Default Swaps | Weighted Average Years to Maturity (2) | Estimated Fair Value of Credit Default Swaps | Maximum Amount of Future Payments under Credit Default Swaps | Weighted Average Years to Maturity (2) | Rating Agency Designation of Referenced Credit Obligations (1) | Estimated Fair Value of Credit Default Swaps | Maximum Amount of Future Payments under Credit Default Swaps | Weighted Average Years to Maturity (2) | Estimated Fair Value of Credit Default Swaps | Maximum Amount of Future Payments under Credit Default Swaps | Weighted Average Years to Maturity (2) | Estimated Fair Value of Credit Default Swaps |
| | | | | | | | | | | | | | | | |
| (Dollars in millions) | | | | | | | | | | | | | | | |

| (Dollars in millions) | | | | | | | | | | | | | |
|-----------------------|---------------|-------|----------|-----|-------|----------|-----|---------------|-------|-----|----|-------|-----|
| Aaa/Aa/A | Aaa/Aa/A | \$ 7 | \$ 544 | 1.5 | \$ 7 | \$ 544 | 2.2 | Aaa/Aa/A | \$ 5 | \$ | \$ | 425 | 1.4 |
| Baa | Baa | 12 | 958 | 5.2 | 8 | 1,185 | 5.0 | Baa | 22 | 952 | | 952 | 4.9 |
| Ba | Ba | 2 | 24 | 3.2 | 2 | 24 | 4.0 | Ba | 2 | 24 | | 24 | 2.7 |
| Caa and Lower | Caa and Lower | (1) | 4 | 2.2 | (1) | 4 | 3.0 | Caa and Lower | — | 4 | | 4 | 1.7 |
| Total | Total | \$ 20 | \$ 1,530 | 3.8 | \$ 16 | \$ 1,757 | 4.1 | Total | \$ 29 | \$ | \$ | 1,405 | 3.8 |

(1) The Company has written credit protection on both single name and index references. The rating agency designations are based on availability and the midpoint of the applicable ratings among Moody's, S&P and Fitch. If no rating is available from a rating agency, then an internally developed rating is used.

(2) The weighted average years to maturity of the credit default swaps is calculated based on weighted average gross notional amounts.

Counterparty Credit Risk

The Company may be exposed to credit-related losses in the event of counterparty nonperformance on derivative instruments. Generally, the credit exposure is the fair value at the reporting date less any collateral received from the counterparty.

The Company manages its credit risk by: (i) entering into derivative transactions with creditworthy counterparties governed by master netting agreements; (ii) trading through regulated exchanges and central clearing counterparties; (iii) obtaining collateral, such as cash and securities, when appropriate; and (iv) setting limits on single party credit exposures which are subject to periodic management review.

See Note 89 for a description of the impact of credit risk on the valuation of derivatives.

The estimated fair values of net derivative assets and net derivative liabilities after the application of master netting agreements and collateral were as follows at:

| Gross Amounts Not Offset on the Consolidated Balance Sheets | | | | | | | | | |
|--|---------------------------------|---------------------------------------|----------------------|---------------------------------|--|--|--|--|--|
| | | | | Securities Collateral | | Net Amount After Securities Collateral | | | |
| Gross Amount Recognized | Financial Instruments (1) | Collateral Received/Pledged (2) | Net Amount (3) | Securities Collateral (3) | Net Amount After Securities Collateral | | | | |
| (In millions) | | | | | | | | | |
| September 30, 2023 | | | | | | | | | |
| Gross Amounts Not Offset on the Consolidated Balance Sheets | | | | | | | | | |
| Gross Amount Recognized | | | | | | | | | |
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| Derivative assets | | | | | | | | |
|------------------------|------------------------|----|-------|----|---------|----|-------|-----------------|
| Derivative assets | Derivative assets | \$ | 2,308 | \$ | (1,659) | \$ | (640) | \$ 9 |
| Derivative liabilities | Derivative liabilities | \$ | 3,919 | \$ | (1,659) | \$ | (7) | \$ 2,253 |
| | | | | | | | | \$ (2,251) \$ 2 |

(1) Represents amounts subject to an enforceable master netting agreement or similar agreement.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

7.8. Derivatives (continued)

- (2) The amount of cash collateral offset in the table above is limited to the net estimated fair value of derivatives after application of netting agreement.
- (3) Securities collateral received from counterparties is not reported on the consolidated balance sheets and may not be sold or re-pledged unless the counterparty is in default. Amounts do not include excess of collateral pledged or received.

The Company's collateral arrangements generally require the counterparty in a net liability position, after considering the effect of netting agreements, to pledge collateral when the amount owed by that counterparty reaches a minimum transfer amount. Certain of these arrangements also include credit-contingent provisions which permit the party with positive fair value to terminate the derivative at the current fair value or demand immediate full collateralization from the party in a net liability position, in the event that the financial strength or credit rating of the party in a net liability position falls below a certain level.

The aggregate estimated fair values of derivatives in a net liability position containing such credit-contingent provisions and the aggregate estimated fair value of assets posted as collateral for such instruments were as follows at:

| | | September 30, 2023 | | December 31, 2022 | |
|---|---|--------------------|-------|-------------------|-------|
| | | (In millions) | | | |
| | | March 31, 2024 | | March 31, 2024 | |
| | | (In millions) | | (In millions) | |
| Estimated fair value of derivatives in a net liability position (1) | Estimated fair value of derivatives in a net liability position (1) | \$ | 3,186 | \$ | 2,260 |
| Estimated fair value of collateral provided (2): | Estimated fair value of collateral provided (2): | | | | |
| Fixed maturity securities | Fixed maturity securities | | | | |
| Fixed maturity securities | Fixed maturity securities | | | | |
| Fixed maturity securities | Fixed maturity securities | \$ | 5,567 | \$ | 4,894 |

- (1) After taking into consideration the existence of netting agreements.
- (2) Substantially all of the Company's collateral arrangements provide for daily posting of collateral for the full value of the derivative contract. As a result, if the credit-contingent provisions of derivative contracts in a net liability position were triggered, minimal additional assets would be required to be posted as collateral or needed to settle the instruments immediately. Additionally, the Company is required to pledge initial margin for certain new over-the-counter ("OTC") bilateral contracts between two counterparties ("OTC-bilateral") derivative transactions to third-party custodians.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

8.9. Fair Value

Considerable judgment is often required in interpreting market data to develop estimates of fair value, and the use of different assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

Recurring Fair Value Measurements

The assets and liabilities measured at estimated fair value on a recurring basis and their corresponding placement in the fair value hierarchy are presented in the tables below. Investments that do not have a readily determinable fair value and are measured at net asset value (or equivalent) as a practical expedient to estimated fair value are excluded from the fair value hierarchy.

| | | September 30, 2023 | | | | | |
|---------------------------------|---------------------------------|----------------------|---------|---------|----------------------|--|-----------|
| | | Fair Value Hierarchy | | | Total | | |
| | | | | | | | Estimated |
| | | Level 1 | Level 2 | Level 3 | Fair Value | | |
| | | (In millions) | | | | | |
| | | | | | | | |
| | | March 31, 2024 | | | March 31, 2024 | | |
| | | Fair Value Hierarchy | | | Fair Value Hierarchy | | |
| | | Level 1 | | | Total Estimated | | |
| | | | | | Fair Value | | |
| | | (In millions) | | | | | |
| | | (In millions) | | | | | |
| | | (In millions) | | | | | |
| Assets | Assets | | | | | | |
| Fixed maturity securities: | Fixed maturity securities: | | | | | | |
| Fixed maturity securities: | | | | | | | |
| Fixed maturity securities: | | | | | | | |
| U.S. corporate | | | | | | | |
| U.S. corporate | | | | | | | |
| U.S. corporate | | | | | | | |
| Foreign corporate | | | | | | | |
| U.S. government and agency | | | | | | | |
| RMBS | | | | | | | |
| CMBS | | | | | | | |
| ABS | | | | | | | |
| State and political subdivision | | | | | | | |
| Foreign government | | | | | | | |
| Total fixed maturity securities | Total fixed maturity securities | | | | | | |
| | | 3,658 | 70,257 | 1,518 | 75,433 | | |

| | | | | | |
|--|---------------------------------|---------|-----------|----------|-----------|
| Equity securities | Equity securities | 39 | 26 | 25 | 90 |
| Short-term investments | Short-term investments | 675 | 328 | — | 1,003 |
| Derivative assets: (1) | Derivative assets: (1) | | | | |
| Derivative assets: (1) | | | | | |
| Derivative assets: (1) | | | | | |
| Interest rate | | | | | |
| Interest rate | | | | | |
| Interest rate | Interest rate | — | 447 | — | 447 |
| Foreign currency exchange rate | Foreign currency exchange rate | — | 589 | 13 | 602 |
| Credit | Credit | — | 14 | 7 | 21 |
| Equity market | Equity market | — | 1,439 | 7 | 1,446 |
| Total derivative assets | Total derivative assets | — | 2,489 | 27 | 2,516 |
| Embedded derivatives on index-linked annuities (2) | | | | | |
| Market risk benefit assets | Market risk benefit assets | — | — | 694 | 694 |
| Separate account assets | Separate account assets | 16 | 82,659 | — | 82,675 |
| Total assets | Total assets | \$4,388 | \$155,759 | \$ 2,264 | \$162,411 |
| Liabilities | | | | | |
| Market risk benefit liabilities | Market risk benefit liabilities | \$ — | \$ — | \$ 8,830 | \$ 8,830 |
| Market risk benefit liabilities | | | | | |
| Market risk benefit liabilities | | | | | |
| Derivative liabilities: (1) | Derivative liabilities: (1) | | | | |
| Interest rate | | | | | |
| Interest rate | | | | | |
| Interest rate | Interest rate | — | 3,478 | — | 3,478 |
| Foreign currency exchange rate | Foreign currency exchange rate | — | 15 | — | 15 |
| Credit | Credit | — | — | 1 | 1 |
| Equity market | Equity market | — | 1,497 | — | 1,497 |

Embedded derivatives on index-linked annuities (2)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

8.9. Fair Value (continued)

Assets

Fixed
maturity
securities:

| | | | | | |
|--|---------------------------------|---------|-----------|----------|-----------|
| Foreign government securities | Foreign government securities | — | 1,043 | 38 | 1,081 |
| Total fixed maturity securities | Total fixed maturity securities | 3,566 | 69,821 | 2,190 | 75,577 |
| Equity securities | Equity securities | 35 | 27 | 27 | 89 |
| Short-term investments | Short-term investments | 722 | 359 | — | 1,081 |
| Derivative assets: (1) | Derivative assets: (1) | | | | |
| Interest rate | Interest rate | — | 304 | — | 304 |
| Interest rate | | | | | |
| Interest rate | | | | | |
| Foreign currency exchange rate | Foreign currency exchange rate | — | 716 | 29 | 745 |
| Credit | Credit | — | 10 | 8 | 18 |
| Equity market | Equity market | — | 1,217 | — | 1,217 |
| Total derivative assets | Total derivative assets | — | 2,247 | 37 | 2,284 |
| Embedded derivatives on index-linked annuities (2) | | | | | |
| Market risk benefit assets | Market risk benefit assets | — | — | 483 | 483 |
| Separate account assets | Separate account assets | 29 | 84,936 | — | 84,965 |
| Total assets | Total assets | \$4,352 | \$157,390 | \$ 2,737 | \$164,479 |
| Liabilities | Liabilities | | | | |
| Market risk benefit liabilities | Market risk benefit liabilities | \$ — | \$ — | \$10,389 | \$ 10,389 |
| Market risk benefit liabilities | | | | | |
| Market risk benefit liabilities | | | | | |
| Derivative liabilities: (1) | Derivative liabilities: (1) | | | | |
| Interest rate | | | | | |
| Interest rate | | | | | |
| Interest rate | Interest rate | — | 2,802 | — | 2,802 |
| Foreign currency exchange rate | Foreign currency exchange rate | — | 18 | — | 18 |

| | | | | | |
|--|--|------|----------|-----------|-----------|
| Credit | Credit | — | — | 2 | 2 |
| Equity market | Equity market | — | 1,098 | — | 1,098 |
| Total derivative liabilities | Total derivative liabilities | — | 3,918 | 2 | 3,920 |
| Embedded derivatives on index-linked annuities (2) | Embedded derivatives on index-linked annuities (2) | — | — | 3,932 | 3,932 |
| Total liabilities | Total liabilities | \$ — | \$ 3,918 | \$ 14,323 | \$ 18,241 |

- (1) Derivative assets are reported in other invested assets and derivative liabilities are reported in other liabilities. The amounts are presented gross in the tables above to reflect the presentation on the consolidated balance sheets.
- (2) Embedded derivative assets on index-linked annuities are reported in premiums and other receivables. Embedded derivative liabilities on index-linked annuities are reported in policyholder account balances.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

8.9. Fair Value (continued)

Valuation Controls and Procedures

The Company monitors and provides oversight of valuation controls and policies for securities, mortgage loans and derivatives, which are primarily executed by its valuation service providers. The valuation methodologies used to determine fair values prioritize the use of observable market prices and market-based parameters and determines that judgmental valuation adjustments, when applied, are based upon established policies and are applied consistently over time. The valuation methodologies for securities, mortgage loans and derivatives are reviewed on an ongoing basis and revised when necessary. In addition, the Chief Accounting Officer periodically reports to the Audit Committee of Brighthouse Financial's Board of Directors regarding compliance with fair value accounting standards.

The fair value of financial assets and financial liabilities is based on quoted market prices, where available. Prices received are assessed to determine if they represent a reasonable estimate of fair value. Several controls are performed, including certain monthly controls, which include, but are not limited to, analysis of portfolio returns to corresponding benchmark returns, comparing a sample of executed prices of securities sold to the fair value estimates, reviewing the bid/ask spreads to assess activity, comparing prices from multiple independent pricing services and ongoing due diligence to confirm that independent pricing services use market-based parameters. The process includes a determination of the observability of inputs used in estimated fair values received from independent pricing services or brokers by assessing whether these inputs can be corroborated by observable market data. Independent non-binding broker quotes, also referred to herein as "consensus pricing," are used for a non-significant portion of the portfolio. Prices received from independent brokers are assessed to determine if they represent a reasonable estimate of fair value by considering such pricing relative to the current market dynamics and current pricing for similar financial instruments.

A formal process is also applied to challenge any prices received from independent pricing services that are not considered representative of estimated fair value. If prices received from independent pricing services are not considered reflective of market activity or representative of estimated fair value, independent non-binding broker quotations are obtained. If obtaining an independent non-binding broker quotation is unsuccessful, the last available price will be used.

Additional controls are performed, such as, balance sheet analytics to assess reasonableness of period-to-period pricing changes, including any price adjustments. Price adjustments are applied if prices or quotes received from independent pricing services or brokers are not considered reflective of market activity or representative of estimated fair value. The Company did not have significant price adjustments during the nine three months ended September 30, 2023 March 31, 2024.

Determination of Fair Value

Fixed Maturity Securities

The fair values for actively traded marketable bonds, primarily U.S. government and agency securities, are determined using the quoted market prices and are classified as Level 1 assets. For fixed maturity securities classified as Level 2 assets, fair values are determined using either a market or income approach and are valued based on a variety of observable inputs as described below.

U.S. corporate and foreign corporate securities: Fair value is determined using third-party commercial pricing services, with the primary inputs being quoted prices in markets that are not active, benchmark yields, spreads off benchmark yields, new issuances, issuer rating, trades of identical or comparable securities, or duration. Privately-placed securities are valued using the additional key inputs: market yield curve, call provisions, observable prices and spreads for similar public or private securities that incorporate the credit quality and industry sector of the issuer, and delta spread adjustments to reflect specific credit-related issues.

U.S. government and agency, state and political subdivision and foreign government securities: Fair value is determined using third-party commercial pricing services, with the primary inputs being quoted prices in markets that are not active, benchmark U.S. Treasury yield or other yields, spread off the U.S. Treasury yield curve for the identical security, issuer ratings and issuer spreads, broker-dealer quotes, and comparable securities that are actively traded.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

8.9. Fair Value (continued)

Structured Securities: Fair value is determined using third-party commercial pricing services, with the primary inputs being quoted prices in markets that are not active, spreads for actively traded securities, spreads off benchmark yields, expected prepayment speeds and volumes, current and forecasted loss severity, ratings, geographic region, weighted average coupon and weighted average maturity, average delinquency rates and debt-service coverage ratios. Other issuance-specific information is also used, including, but not limited to, collateral type, structure of the security, vintage of the loans, payment terms of the underlying asset, payment priority within tranche, and deal performance.

Equity Securities and Short-term Investments

The fair value for actively traded equity securities and short-term investments are determined using quoted market prices and are classified as Level 1 assets. For financial instruments classified as Level 2 assets, fair values are determined using a market approach and are valued based on a variety of observable inputs as described below.

Equity securities and short-term investments: Fair value is determined using third-party commercial pricing services, with the primary input being quoted prices in markets that are not active.

Derivatives

Derivatives are financial instruments with values derived from interest rates, foreign currency exchange rates, credit spreads and/or other financial indices. Derivatives may be exchange-traded or contracted in the OTC market. Certain of the Company's OTC derivatives are cleared and settled through central clearing counterparties ("OTC-cleared"), while others are OTC-bilateral.

The fair values for exchange-traded derivatives are determined using the quoted market prices and are classified as Level 1 assets. For OTC-bilateral derivatives and OTC-cleared derivatives classified as Level 2 assets or liabilities, fair values are determined using the income approach. Valuations of non-option-based derivatives utilize present value techniques, whereas valuations of option-based derivatives utilize option pricing models which are based on market standard valuation methodologies and a variety of observable inputs.

The significant inputs to the pricing models for most OTC-bilateral and OTC-cleared derivatives are inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data. Certain OTC-bilateral and OTC-cleared derivatives may rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from, or corroborated by, observable market data. These unobservable inputs may involve significant management judgment or estimation. Even though unobservable, these inputs are based on assumptions deemed appropriate given the circumstances and management believes they are consistent with what other market participants would use when pricing such instruments.

Most inputs for OTC-bilateral and OTC-cleared derivatives are mid-market inputs but, in certain cases, liquidity adjustments are made when they are deemed more representative of exit value. Market liquidity, as well as the use of different methodologies, assumptions and inputs, may have a material effect on the estimated fair values of the Company's derivatives and could materially affect net income.

The credit risk of both the counterparty and the Company are considered in determining the estimated fair value for all OTC-bilateral and OTC-cleared derivatives, and any potential credit adjustment is based on the net exposure by counterparty after taking into account the effects of netting agreements and collateral arrangements. The Company values its OTC-bilateral and OTC-cleared derivatives using standard swap curves which may include a spread to the risk-free rate, depending upon specific collateral arrangements. This credit spread is appropriate for those parties that execute trades at pricing levels consistent with similar collateral arrangements. As the Company and its significant derivative counterparties generally execute trades at such pricing levels and hold sufficient collateral, additional credit risk adjustments are not currently required in the valuation process. The Company's ability to consistently execute at such pricing levels is in part due to the netting agreements and collateral arrangements that are in place with all of its significant derivative counterparties. An evaluation of the requirement to make additional credit risk adjustments is performed by the Company each reporting period.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

8.9. Fair Value (continued)Market Risk Benefits

MRBs principally include guaranteed minimum benefits on variable annuity contracts including benefits reinsured related to these guarantees.

The estimated fair value of variable annuity guarantees accounted for as MRBs is determined based on the present value of projected future benefits less the present value of projected future fees attributable to the guarantees. At policy inception, the Company determines an attributed fee ratio by solving for a percentage of projected future rider fees to be collected from the policyholder equal to the present value of projected future guaranteed benefits. To the extent the rider fees are insufficient, the Company may also include fees related to mortality and expense charges in the attributed fee ratio, provided the total fees included in the calculation do not exceed total contract fees and assessments collected from the contract holder. Any additional fees not included in the attributed fee ratio are considered revenue and reported in universal life and investment-type product policy fees. The attributed fee ratio is not updated in subsequent periods.

The Company updates the estimated fair value of variable annuity guarantees in subsequent periods by projecting future benefits using capital markets inputs and actuarial assumptions including expectations of policyholder behavior. A risk neutral valuation methodology is used to project the cash flows from the guarantees under multiple capital

markets scenarios. The reported estimated fair value is then determined by taking the present value of these cash flows using a discount rate that incorporates a spread over the risk-free rate to reflect the Company's nonperformance risk and adding a risk margin.

The valuation of MRBs includes an adjustment for the risk that the Company fails to satisfy its obligations, which is referred to as nonperformance risk. The nonperformance risk adjustment is captured as an additional spread applied to the risk-free rate in determining the rate to discount the cash flows of the liability. The spread over the risk-free rate is based on the Company's creditworthiness taking into consideration publicly available information relating to spreads in the secondary market for Brighthouse Financial's debt. These observable spreads are then adjusted, as necessary, to reflect the financial strength ratings of the issuing insurance subsidiaries as compared to the credit rating of Brighthouse Financial.

Risk margins are established to capture the non-capital markets risks of the instrument which represent the additional compensation a market participant would require to assume the risks related to the uncertainties in certain actuarial assumptions. The establishment of risk margins requires the use of significant actuarial judgment, including assumptions of the amount needed to cover the guarantees.

Actuarial assumptions are reviewed at least annually, and if they change significantly, the estimated fair value is adjusted through net income. Capital market inputs used in the measurement of variable annuity guarantees are updated quarterly through net income, except for the change attributable to the Company's nonperformance risk, which is reported in OCI.

Embedded Derivatives

Embedded derivatives include crediting rates associated with index-linked annuity contracts. Embedded derivatives are recorded at estimated fair value with changes in estimated fair value reported in net income.

The crediting rates associated with these features are embedded derivatives which are measured at estimated fair value separately from the host fixed annuity contract. These embedded derivatives are classified within policyholder account balances on the consolidated balance sheets.

The estimated fair value of crediting rates associated with index-linked annuities is determined using a combination of an option pricing model and an option-budget approach. The valuation of these embedded derivatives also includes the establishment of a risk margin, as well as changes in nonperformance risk.

Actuarial assumptions including policyholder behavior and expectations for renewals at the end of the term period are reviewed at least annually, and if they change significantly, the estimated fair value is adjusted through net income. Capital market inputs used in the measurement of crediting rate embedded derivatives are updated quarterly through net income.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

8.9. Fair Value (continued)

Transfers Into or Out of Level 3:

Assets and liabilities are transferred into Level 3 when a significant input cannot be corroborated with market observable data. This occurs when market activity decreases significantly and underlying inputs cannot be observed, current prices are not available, and/or when there are significant variances in quoted prices, thereby affecting transparency. Assets and liabilities are transferred out of Level 3 when circumstances change such that a significant input can be corroborated with market observable data. This may be due to a significant increase in market activity, a specific event, or one or more significant input(s) becoming observable.

Assets and Liabilities Measured at Fair Value Using Significant Unobservable Inputs (Level 3)

Certain quantitative information about the significant unobservable inputs used in the fair value measurement, and the sensitivity of the estimated fair value to changes in those inputs, for the more significant asset and liability classes measured at fair value on a recurring basis using significant unobservable inputs (Level 3) were as follows at:

| | | September 30, 2023 | December 31, 2022 | Impact of Increase in Input on Estimated Fair Value |
|--|--|-----------------------|----------------------|--|
| Valuation Techniques | Significant Unobservable Inputs | Range | Range | |
| March 31, 2024 | | | | |
| Valuation Techniques | | | | |
| Market Risk Benefits | | | | |
| Market Risk Benefits | | | | |
| Market Risk Benefits | Market Risk Benefits | | | |
| Variable annuity guaranteed minimum benefits | Variable annuity guaranteed minimum pricing techniques • Mortality rates | 0.04% - 12.90% | 0.04% - 12.90% | Decrease (1) |
| | • Lapse rates | 1.00% - 22.80% | 1.00% - 24.11% | Decrease (2) |

- (3) The utilization rate assumption for variable annuity guarantees estimates the percentage of contract holders with a **GMIB** guaranteed minimum income benefit ("GMIB") or lifetime withdrawal benefit who will elect to utilize the benefit upon becoming eligible in a given year. The range shown represents the floor and cap of the GMIB dynamic election rates across varying levels of in-the-money. For lifetime withdrawal guarantee riders, the assumption is that everyone will begin withdrawals once account value reaches zero which is equivalent to a 100% utilization rate. Utilization rates may vary by the type of guarantee, the amount by which the guaranteed amount is greater than the account value, the contract's withdrawal history and by the age of the policyholder.
- (4) The withdrawal rate represents the percentage of account balance that any given policyholder will elect to withdraw from the contract each year. The withdrawal rate assumption varies by age and duration of the contract, and also by other factors such as benefit type. For any given contract, withdrawal rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative. For variable annuity **GMWBs**, guaranteed minimum withdrawal benefits, any increase (decrease) in withdrawal rates results in an increase (decrease) in the estimated fair value of the guarantees. For variable annuity **GMABs** guaranteed minimum accumulation benefits and GMIBs, any increase (decrease) in withdrawal rates results in a decrease (increase) in the estimated fair value.
- (5) Long-term equity volatilities represent equity volatility beyond the period for which observable equity volatilities are available. For any given contract, long-term equity volatility rates vary throughout the period over which cash flows are projected for purposes of valuing MRBs.
- (6) Nonperformance risk spread varies by duration. For any given contract, multiple nonperformance risk spreads will apply, depending on the duration of the cash flow being discounted for purposes of valuing the MRB or embedded derivative.

The Company does not develop unobservable inputs used in measuring fair value for all other assets and liabilities classified within Level 3; therefore, these are not included in the table above. The other Level 3 assets and liabilities primarily included fixed maturity securities and derivatives. For fixed maturity securities valued based on non-binding broker quotes, an increase (decrease) in credit spreads would result in a higher (lower) fair value. For derivatives valued based on third-party pricing models, an increase (decrease) in credit spreads would generally result in a higher (lower) fair value.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

8.9. Fair Value (continued)

The changes in assets and (liabilities) measured at estimated fair value on a recurring basis using significant unobservable inputs (excluding MRBs disclosed in Note 4) were summarized as follows:

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) | | | | | | |
|--|---|-----------------------|------------|-------------------|------------------------|---------------------|--|
| | Fixed Maturity Securities | | | Equity Securities | Short-term Investments | Net Derivatives (2) | Embedded Derivatives on Index-Linked Annuities |
| | Corporate (1) | Structured Securities | Foreign | | | | |
| | | | Government | | | | |
| (In millions) | | | | | | | |
| Three Months Ended September 30, 2023 | | | | | | | |
| Balance, beginning of period | \$ 1,931 | \$ 371 | \$ 38 | \$ 25 | \$ — | \$ 27 | \$ (6,886) |
| Total realized/unrealized gains (losses) included in net income (loss) (3) (4) | (9) | — | — | — | — | 2 | 913 |
| Total realized/unrealized gains (losses) included in AOCI | (19) | (2) | (1) | — | — | (3) | — |
| Purchases (5) | 32 | 17 | — | — | — | — | — |
| Sales (5) | (56) | (11) | (1) | — | — | — | — |
| Issuances (5) | — | — | — | — | — | — | — |
| Settlements (5) | — | — | — | — | — | — | (58) |
| Transfers into Level 3 (6) | 45 | 12 | — | — | — | — | — |
| Transfers out of Level 3 (6) | (784) | (42) | (3) | — | — | — | — |
| Balance, end of period | \$ 1,140 | \$ 345 | \$ 33 | \$ 25 | \$ — | \$ 26 | \$ (6,031) |
| Three Months Ended September 30, 2022 | | | | | | | |
| Balance, beginning of period | \$ 1,710 | \$ 345 | \$ 40 | \$ 27 | \$ — | \$ 38 | \$ (2,831) |
| Total realized/unrealized gains (losses) included in net income (loss) (3) (4) | — | — | — | 1 | — | 3 | 518 |
| Total realized/unrealized gains (losses) included in AOCI | (108) | (11) | (4) | — | — | 21 | — |
| Purchases (5) | 278 | 125 | — | — | — | — | — |
| Sales (5) | (22) | (1) | (1) | — | — | — | — |
| Issuances (5) | — | — | — | — | — | — | — |
| Settlements (5) | — | — | — | — | — | — | (29) |
| Transfers into Level 3 (6) | 16 | 19 | — | — | — | — | — |
| Transfers out of Level 3 (6) | (319) | (138) | — | — | — | — | — |

| | | | | | | | |
|---|----------|---------|--------|-------|------|--------|------------|
| Balance, end of period | \$ 1,555 | \$ 339 | \$ 35 | \$ 28 | \$ — | \$ 62 | \$ (2,342) |
| Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2023 (7) | \$ (9) | \$ — | \$ — | \$ 1 | \$ — | \$ 3 | \$ 785 |
| Changes in unrealized gains (losses) included in OCI for the instruments still held as of September 30, 2023 (7) | \$ (25) | \$ (3) | \$ (1) | \$ — | \$ — | \$ (3) | \$ — |
| Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2022 (7) | \$ — | \$ — | \$ — | \$ 1 | \$ — | \$ 3 | \$ 461 |
| Changes in unrealized gains (losses) included in OCI for the instruments still held as of September 30, 2022 (7) | \$ (109) | \$ (11) | \$ (4) | \$ — | \$ — | \$ 21 | \$ — |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

8. Fair Value (continued)

| Fair Value Measurements Using Significant Unobservable Inputs (Level 3) | | | | | | | | | |
|--|---------------|-----------------------|--------------------|-------------------|------------------------|---------------------|--|--|--|
| Fixed Maturity Securities | | | | | | | | | |
| | Corporate (1) | Structured Securities | Foreign Government | Equity Securities | Short-term Investments | Net Derivatives (2) | Embedded Derivatives on Index-Linked Annuities | | |
| (In millions) | | | | | | | | | |
| Nine Months Ended September 30, 2023 | | | | | | | | | |
| Fair Value Measurements Using Significant Unobservable Inputs (Level 3) | | | | | | | | | |
| Fair Value Measurements Using Significant Unobservable Inputs (Level 3) | | | | | | | | | |
| Fair Value Measurements Using Significant Unobservable Inputs (Level 3) | | | | | | | | | |
| Fixed Maturity Securities | | | | | | | | | |
| Corporate (1) | | | | | | | | | |
| Corporate (1) | | | | | | | | | |
| Corporate (1) | | | | | | | | | |
| (In millions) | | | | | | | | | |
| (In millions) | | | | | | | | | |
| (In millions) | | | | | | | | | |
| Three Months Ended | | | | | | | | | |
| March 31, 2024 | | | | | | | | | |
| Balance, beginning of period | | | | | | | | | |
| Balance, beginning of period | | | | | | | | | |
| Balance, beginning of period | \$ 1,787 | \$ 365 | \$ 38 | \$ 27 | \$ — | \$ 35 | \$ (3,932) | | |
| Total realized/unrealized gains (losses) included in net income (loss) (3) (4) | (12) | — | — | (3) | — | (3) | (1,880) | | |
| Total realized/unrealized gains (losses) included in net income (loss) (3) (4) | | | | | | | | | |
| Total realized/unrealized gains (losses) included in net income (loss) (3) (4) | | | | | | | | | |
| Total realized/unrealized gains (losses) included in AOCI | | | | | | | | | |
| Total realized/unrealized gains (losses) included in AOCI | | | | | | | | | |
| Total realized/unrealized gains (losses) included in AOCI | (11) | (2) | — | — | — | (3) | — | | |
| Purchases (5) | 119 | 45 | — | 1 | — | 9 | — | | |
| Purchases (5) | | | | | | | | | |
| Purchases (5) | | | | | | | | | |
| Sales (5) | | | | | | | | | |
| Sales (5) | | | | | | | | | |
| Sales (5) | (126) | (17) | (2) | — | — | — | — | | |
| Issuances (5) | — | — | — | — | — | — | — | | |
| Issuances (5) | | | | | | | | | |
| Issuances (5) | | | | | | | | | |
| Settlements (5) | | | | | | | | | |

| | | | | | | | | |
|---|--|----------|--------|-------|-------|------|-------|------------|
| Settlements (5) | | | | | | | | |
| Settlements (5) | Settlements (5) | — | — | — | — | — | — | (219) |
| Transfers into Level 3 (6) | Transfers into Level 3 (6) | 101 | 10 | — | — | — | — | — |
| Transfers into Level 3 (6) | | | | | | | | |
| Transfers into Level 3 (6) | | | | | | | | |
| Transfers out of Level 3 (6) | | | | | | | | |
| Transfers out of Level 3 (6) | | | | | | | | |
| Transfers out of Level 3 (6) | Transfers out of Level 3 (6) | (718) | (56) | (3) | — | — | (12) | — |
| Balance, end of period | Balance, end of period | \$ 1,140 | \$ 345 | \$ 33 | \$ 25 | \$ — | \$ 26 | \$ (6,031) |
| Nine Months Ended September 30, 2022 | | | | | | | | |
| Balance, end of period | | | | | | | | |
| Balance, end of period | | | | | | | | |
| Three Months Ended March 31, 2023 | | | | | | | | |
| Three Months Ended March 31, 2023 | | | | | | | | |
| Three Months Ended March 31, 2023 | | | | | | | | |
| Balance, beginning of period | | | | | | | | |
| Balance, beginning of period | | | | | | | | |
| Balance, beginning of period | Balance, beginning of period | \$ 1,399 | \$ 220 | \$ 26 | \$ 13 | \$ 2 | \$ 36 | \$ (6,641) |
| Total realized/unrealized gains (losses) included in net income (loss) (3) (4) | Total realized/unrealized gains (losses) included in net income (loss) (3) (4) | (6) | — | — | 1 | — | (11) | 4,106 |
| Total realized/unrealized gains (losses) included in net income (loss) (3) (4) | | | | | | | | |
| Total realized/unrealized gains (losses) included in net income (loss) (3) (4) | | | | | | | | |
| Total realized/unrealized gains (losses) included in AOCI | | | | | | | | |
| Total realized/unrealized gains (losses) included in AOCI | | | | | | | | |
| Total realized/unrealized gains (losses) included in AOCI | Total realized/unrealized gains (losses) included in AOCI | (286) | (23) | (13) | — | — | 36 | — |
| Purchases (5) | Purchases (5) | 760 | 230 | 5 | 14 | — | 1 | — |
| Purchases (5) | | | | | | | | |
| Purchases (5) | | | | | | | | |
| Sales (5) | | | | | | | | |
| Sales (5) | | | | | | | | |
| Sales (5) | Sales (5) | (159) | (12) | (2) | — | (2) | — | — |
| Issuances (5) | Issuances (5) | — | — | — | — | — | — | — |
| Issuances (5) | | | | | | | | |
| Issuances (5) | | | | | | | | |
| Settlements (5) | | | | | | | | |
| Settlements (5) | | | | | | | | |
| Settlements (5) | Settlements (5) | — | — | — | — | — | — | 193 |
| Transfers into Level 3 (6) | Transfers into Level 3 (6) | 31 | 25 | 19 | — | — | — | — |
| Transfers into Level 3 (6) | | | | | | | | |
| Transfers into Level 3 (6) | | | | | | | | |
| Transfers out of Level 3 (6) | | | | | | | | |
| Transfers out of Level 3 (6) | | | | | | | | |
| Transfers out of Level 3 (6) | Transfers out of Level 3 (6) | (184) | (101) | — | — | — | — | — |
| Balance, end of period | Balance, end of period | \$ 1,555 | \$ 339 | \$ 35 | \$ 28 | \$ — | \$ 62 | \$ (2,342) |
| Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2023 (7) | | | | | | | | |
| Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2023 (7) | | | | | | | | |
| Changes in unrealized gains (losses) included in OCI for the instruments still held as of September 30, 2023 (7) | Changes in unrealized gains (losses) included in OCI for the instruments still held as of September 30, 2023 (7) | (20) | (3) | — | — | — | (3) | — |
| Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2022 (7) | | | | | | | | |
| Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2022 (7) | | | | | | | | |
| Changes in unrealized gains (losses) included in OCI for the instruments still held as of September 30, 2022 (7) | Changes in unrealized gains (losses) included in OCI for the instruments still held as of September 30, 2022 (7) | (288) | (23) | (13) | — | — | 36 | — |
| Balance, end of period | | | | | | | | |
| Balance, end of period | | | | | | | | |
| Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at March 31, 2024 (7) | | | | | | | | |
| Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at March 31, 2024 (7) | | | | | | | | |

| |
|---|
| Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at March 31, 2024 (7) |
| Changes in unrealized gains (losses) included in OCI for the instruments still held as of March 31, 2024 (7) |
| Changes in unrealized gains (losses) included in OCI for the instruments still held as of March 31, 2024 (7) |
| Changes in unrealized gains (losses) included in OCI for the instruments still held as of March 31, 2024 (7) |
| Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at March 31, 2023 (7) |
| Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at March 31, 2023 (7) |
| Changes in unrealized gains (losses) included in OCI for the instruments still held as of March 31, 2023 (7) |
| Changes in unrealized gains (losses) included in OCI for the instruments still held as of March 31, 2023 (7) |
| Changes in unrealized gains (losses) included in OCI for the instruments still held as of March 31, 2023 (7) |

- (1) Comprised of U.S. and foreign corporate securities.
- (2) Freestanding derivative assets and liabilities are reported net for purposes of the rollforward.
- (3) Amortization of premium/accretion of discount is included in net investment income. Changes in the allowance for credit losses and direct write-offs are charged to net income (loss) on securities are included in net investment gains (losses). Lapses associated with net embedded derivatives are included in net derivative gains (losses). Substantially all realized/unrealized gains (losses) included in net income (loss) for net derivatives and net embedded derivatives are reported in net derivative gains (losses).

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

8. Fair Value (continued)

- (4) Interest and dividend accruals, as well as cash interest coupons and dividends received, are excluded from the rollforward.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

9. Fair Value (continued)

- (5) Items purchased/issued and then sold/settled in the same period are excluded from the rollforward. Fees attributed to embedded derivatives are included in settlements.
- (6) Gains and losses, in net income (loss) and OCI, are calculated assuming transfers into and/or out of Level 3 occurred at the beginning of the period. Items transferred into and out of Level 3 in the same period are excluded from the rollforward.
- (7) Changes in unrealized gains (losses) included in net income (loss) for fixed maturities are reported in either net investment income or net investment gains (losses). Substantially all changes in unrealized gains (losses) included in net income (loss) for net derivatives and net embedded derivatives are reported in net derivative gains (losses).

Fair Value of Financial Instruments Carried at Other Than Fair Value

The following tables provide fair value information for financial instruments that are carried on the balance sheet at amounts other than fair value. These tables exclude the following financial instruments: cash and cash equivalents, accrued investment income and payables for collateral under securities loaned and other transactions. The estimated fair value of the excluded financial instruments, which are primarily classified in Level 2, approximates carrying value as they are short-term in nature such that the Company believes there is minimal risk of material changes in interest rates or credit quality. All remaining balance sheet amounts excluded from the tables below are not considered financial instruments subject to this disclosure.

The carrying values and estimated fair values for such financial instruments, and their corresponding placement in the fair value hierarchy, are summarized as follows at:

| |
|----------------------|
| September 30, 2023 |
| Fair Value Hierarchy |

| | | Carrying Value | Level 1 | Level 2 | Level 3 | Total Estimated Fair Value |
|---|---|----------------------|---------|----------|----------------|----------------------------|
| | | (In millions) | | | | |
| | | March 31, 2024 | | | March 31, 2024 | |
| | | Fair Value Hierarchy | | | | |
| | | Carrying Value | | | | |
| | | Carrying Value | | | | |
| | | Carrying Value | Level 1 | Level 2 | Level 3 | Total Estimated Fair Value |
| | | (In millions) | | | | |
| Assets | Assets | | | | | |
| Mortgage loans | | | | | | |
| Mortgage loans | | | | | | |
| Mortgage loans | Mortgage loans | \$ 22,682 | \$ — | \$ — | \$ 20,010 | \$ 20,010 |
| Policy loans | Policy loans | \$ 1,311 | \$ — | \$ 507 | \$ 858 | \$ 1,365 |
| Other invested assets | Other invested assets | \$ 259 | \$ — | \$ 247 | \$ 12 | \$ 259 |
| Premiums, reinsurance and other receivables | Premiums, reinsurance and other receivables | \$ 7,134 | \$ — | \$ 64 | \$ 7,141 | \$ 7,205 |
| Liabilities | | | | | | |
| Policyholder account balances | | | | | | |
| Policyholder account balances | | | | | | |
| Policyholder account balances | | | | | | |
| Long-term debt | Long-term debt | \$ 3,157 | \$ — | \$ 2,591 | \$ — | \$ 2,591 |
| Other liabilities | Other liabilities | \$ 1,124 | \$ — | \$ 436 | \$ 688 | \$ 1,124 |
| Separate account liabilities | Separate account liabilities | \$ 1,063 | \$ — | \$ 1,063 | \$ — | \$ 1,063 |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

8.9. Fair Value (continued)

| December 31, 2022 | | | | |
|----------------------|---------|---------|---------|----------------------------|
| Fair Value Hierarchy | | | | |
| Carrying Value | Level 1 | Level 2 | Level 3 | Total Estimated Fair Value |

| | (In millions) | | | | | | | | | |
|---|---------------|--------|----|---|----|-------|----|--------|----|--------|
| Assets | | | | | | | | | | |
| Mortgage loans | \$ | 22,936 | \$ | — | \$ | — | \$ | 20,816 | \$ | 20,816 |
| Policy loans | \$ | 1,282 | \$ | — | \$ | 515 | \$ | 878 | \$ | 1,393 |
| Other invested assets | \$ | 213 | \$ | — | \$ | 201 | \$ | 12 | \$ | 213 |
| Premiums, reinsurance and other receivables | \$ | 6,080 | \$ | — | \$ | 89 | \$ | 6,141 | \$ | 6,230 |
| Liabilities | | | | | | | | | | |
| Policyholder account balances | \$ | 31,887 | \$ | — | \$ | — | \$ | 30,942 | \$ | 30,942 |
| Long-term debt | \$ | 3,156 | \$ | — | \$ | 2,703 | \$ | — | \$ | 2,703 |
| Other liabilities | \$ | 943 | \$ | — | \$ | 248 | \$ | 695 | \$ | 943 |
| Separate account liabilities | \$ | 1,024 | \$ | — | \$ | 1,024 | \$ | — | \$ | 1,024 |

9. Long-term Debt

Repurchase Facility

In July 2023, Brighthouse Life Insurance Company entered into an additional secured committed repurchase facility (the "Repurchase Facility") under which Brighthouse Life Insurance Company may enter into repurchase transactions in an aggregate amount up to \$500 million for a term of up to two years, which is available to Brighthouse Life Insurance Company under certain market conditions. Under the Repurchase Facility, Brighthouse Life Insurance Company may sell certain eligible securities at a purchase price based on the market value of the securities less an applicable margin based on the types of securities sold, with a concurrent agreement to repurchase such securities at a predetermined future date (up to three months) and at a price which represents the original purchase price plus interest. At September 30, 2023, there were no borrowings under the Repurchase Facility.

| | December 31, 2023 | | | | | | | | | |
|---|----------------------|---------|---------|---------|----|-------|----------------------------------|--------|----|--------|
| | Fair Value Hierarchy | | | | | | Total Estimated Fair Value | | | |
| | Carrying Value | Level 1 | Level 2 | Level 3 | | | | | | |
| | | | | | | | | | | |
| (In millions) | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Mortgage loans | \$ | 22,508 | \$ | — | \$ | — | \$ | 20,609 | \$ | 20,609 |
| Policy loans | \$ | 1,331 | \$ | — | \$ | 518 | \$ | 937 | \$ | 1,455 |
| Other invested assets | \$ | 257 | \$ | — | \$ | 245 | \$ | 12 | \$ | 257 |
| Premiums, reinsurance and other receivables | \$ | 7,577 | \$ | — | \$ | 88 | \$ | 7,636 | \$ | 7,724 |
| Liabilities | | | | | | | | | | |
| Policyholder account balances | \$ | 31,471 | \$ | — | \$ | — | \$ | 30,606 | \$ | 30,606 |
| Long-term debt | \$ | 3,156 | \$ | — | \$ | 2,769 | \$ | — | \$ | 2,769 |
| Other liabilities | \$ | 1,142 | \$ | — | \$ | 463 | \$ | 679 | \$ | 1,142 |
| Separate account liabilities | \$ | 1,150 | \$ | — | \$ | 1,150 | \$ | — | \$ | 1,150 |

10. Equity

Preferred Stock

Preferred stock shares authorized, issued and outstanding were as follows at both **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**:

| | Shares Authorized | Shares Issued | Shares Outstanding |
|---|-------------------|---------------|--------------------|
| 6.600% Non-Cumulative Preferred Stock, Series A | 17,000 | 17,000 | 17,000 |
| 6.750% Non-Cumulative Preferred Stock, Series B | 16,100 | 16,100 | 16,100 |
| 5.375% Non-Cumulative Preferred Stock, Series C | 23,000 | 23,000 | 23,000 |
| 4.625% Non-Cumulative Preferred Stock, Series D | 14,000 | 14,000 | 14,000 |
| Not designated | 99,929,900 | — | — |
| Total | 100,000,000 | 70,100 | 70,100 |

The per share and aggregate dividends declared for BHF's preferred stock by series were as follows:

| | Three Months Ended March 31, | | | |
|--------|--------------------------------------|-----------|-----------|-----------|
| | 2024 | | 2023 | |
| Series | Per Share | Aggregate | Per Share | Aggregate |
| | (In millions, except per share data) | | | |
| A | \$ 412.50 | \$ 7 | \$ 412.50 | \$ 7 |

| | | | | | | |
|-------|----|--------|---|----|--------|-------|
| B | \$ | 421.88 | 7 | \$ | 421.88 | 7 |
| C | \$ | 335.94 | 8 | \$ | 335.94 | 8 |
| D | \$ | 289.06 | 4 | \$ | 289.06 | 4 |
| Total | | | | \$ | 26 | \$ 26 |

Common Stock Repurchase Program

During the three months ended March 31, 2024 and 2023, BHF repurchased 1,247,311 and 1,200,124 shares, respectively, of its common stock through open market purchases pursuant to 10b5-1 plans for \$62 million for both periods. At March 31, 2024, BHF had \$731 million remaining under its common stock repurchase program.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

10. Equity (continued)

The per share and aggregate dividends declared for BHF's preferred stock by series were as follows:

| Series | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|--------|--------------------------------------|-----------|-----------|-----------|--------------------------------------|-----------|-------------|-----------|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | Per Share | Aggregate | Per Share | Aggregate | Per Share | Aggregate | Per Share | Aggregate |
| | (In millions, except per share data) | | | | (In millions, except per share data) | | | |
| A | \$ 412.50 | \$ 7 | \$ 412.50 | \$ 7 | \$ 1,237.50 | \$ 21 | \$ 1,237.50 | \$ 21 |
| B | \$ 421.88 | 7 | \$ 421.88 | 7 | \$ 1,265.64 | 21 | \$ 1,265.64 | 21 |
| C | \$ 335.94 | 8 | \$ 335.94 | 7 | \$ 1,007.82 | 23 | \$ 1,007.82 | 23 |
| D | \$ 289.06 | 4 | \$ 289.06 | 4 | \$ 867.18 | 12 | \$ 973.17 | 13 |
| Total | | \$ 26 | | \$ 25 | | \$ 77 | | \$ 78 |

Common Stock Repurchase Program

During the nine months ended September 30, 2023 and 2022, BHF repurchased 3,968,138 and 8,194,191 shares, respectively, of its common stock through open market purchases pursuant to 10b5-1 plans for \$190 million and \$395 million, respectively. At September 30, 2023, BHF had \$104 million remaining under its common stock repurchase program.

Accumulated Other Comprehensive Income (Loss)

Information regarding changes in the balances of each component of AOCI was as follows:

| | Three Months Ended September 30, 2023 | | | | | |
|---|---------------------------------------|----------------|------------------------|------------------------|----------|------------|
| | Unrealized Investment | Unrealized | Changes in | Changes in Discount | | |
| | Gains (Losses), Net of | Gains (Losses) | Nonperformance Risk on | Rates on the Liability | | |
| | Related Offsets (1) | on Derivatives | Market Risk Benefits | for Future Policy | Benefits | Other (2) |
| | | | | | | Total |
| | (In millions) | | | | | |
| Balance at June 30, 2023 | \$ (5,689) | \$ 430 | \$ (1,475) | \$ 905 | \$ (52) | \$ (5,881) |
| OCI before reclassifications | (2,490) | (33) | 174 | 744 | (8) | (1,613) |
| Deferred income tax benefit (expense) (3) | 523 | 8 | (37) | (157) | 2 | 339 |
| AOCI before reclassifications, net of income tax | (7,656) | 405 | (1,338) | 1,492 | (58) | (7,155) |
| Amounts reclassified from AOCI | 55 | (2) | — | — | (2) | 51 |
| Deferred income tax benefit (expense) (3) | (12) | — | — | — | — | (12) |
| Amounts reclassified from AOCI, net of income tax | 43 | (2) | — | — | (2) | 39 |
| Balance at September 30, 2023 | \$ (7,613) | \$ 403 | \$ (1,338) | \$ 1,492 | \$ (60) | \$ (7,116) |

Three Months Ended September 30, 2022

| | | | | | | | | | Changes in Discount Rates on the Liability for Future Policy Other | | |
|--------------------------|--|--|---|-----|----|---------|----|-----|---|-----|-----------|
| | Unrealized Investment Gains (Losses), Net of Related Offsets (1) | Unrealized Gains (Losses) on Derivatives | Changes in Nonperformance Risk on Market Risk Benefits | | | | | | | (2) | Total |
| | (In millions) | | | | | | | | | | |
| Balance at June 30, 2022 | \$ | (3,727) | \$ | 534 | \$ | (1,350) | \$ | 441 | \$(74) | | \$(4,176) |

| | | | | | | | | | | | | Three Months Ended March 31, 2024 |
|--|--|---|--|---|---|--------------|-------|--|--|--|--|---|
| | Three Months Ended March 31, 2024 | | | | | | | | | | | |
| | Unrealized Investment Gains (Losses), Net of Related Offsets (1) | | | | | | | | | | | |
| | | Unrealized Investment Gains (Losses), Net of Related Offsets (1) | Unrealized Gains (Losses) on Derivatives | Changes in Nonperformance Risk on Market Risk Benefits | Changes in Discount Rates on the Liability for Future Policy Benefits | Other (2) | Total | | | | | (In millions) |
| | (In millions) | | | | | | | | | | | |

| | | | | | | | | | | | | |
|--|--|---------|---------|---------|-------|------|---------|----|-------|--------|-----------|--|
| Balance at December 31, 2023 | | | | | | | | | | | | |
| OCI before reclassifications | OCI before reclassifications | (5,130) | 333 | 130 | 1,045 | (23) | (3,645) | | | | | |
| Deferred income tax benefit (expense) (3) | Deferred income tax benefit (expense) (3) | 1,209 | (202) | (27) | (219) | 5 | 766 | | | | | |
| AOCI before reclassifications, net of income tax | AOCI before reclassifications, net of income tax | (7,648) | 665 | (1,247) | 1,267 | (92) | (7,055) | | | | | |
| Amounts reclassified from AOCI | Amounts reclassified from AOCI | 60 | (9) | — | — | — | 51 | | | | | |
| Deferred income tax benefit (expense) (3) | Deferred income tax benefit (expense) (3) | (13) | 2 | — | — | — | (11) | | | | | |
| Amounts reclassified from AOCI, net of income tax | Amounts reclassified from AOCI, net of income tax | 47 | (7) | — | — | — | 40 | | | | | |
| Balance at September 30, 2022 | | \$ | (7,601) | \$ | 658 | \$ | (1,247) | \$ | 1,267 | \$(92) | \$(7,015) | |

| | | | | | | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|--|--|--|--|--|
| Balance at March 31, 2024 | | | | | | | | | | | | |
| Balance at March 31, 2024 | | | | | | | | | | | | |
| Balance at March 31, 2024 | | | | | | | | | | | | |

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

10. Equity (continued)

- (1) See Note 67 for information on offsets to investments related to future policy benefits.
- (2) Includes OCI related to foreign currency translation and defined benefit plan gains and losses.
- (3) The effects of income taxes on amounts recorded to AOCI are also recognized in AOCI. These income tax effects are released from AOCI when the related activity is reclassified into results from operations.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

10. Equity (continued)

Information regarding amounts reclassified out of each component of AOCI was as follows:

[illegible]

[illegible]

| | | | | | |
|--|--|----------------|----------------|-----------------|-----------------|
| Gains (losses) on cash flow hedges, before income tax | Gains (losses) on cash flow hedges, before income tax | 2 | 9 | 6 | 16 |
| Income tax (expense) benefit | Income tax (expense) benefit | — | (2) | (1) | (3) |
| Income tax (expense) benefit | | | | | |
| Income tax (expense) benefit | | | | | |
| Gains (losses) on cash flow hedges, net of income tax | | | | | |
| Gains (losses) on cash flow hedges, net of income tax | | | | | |
| Gains (losses) on cash flow hedges, net of income tax | Gains (losses) on cash flow hedges, net of income tax | 2 | 7 | 5 | 13 |
| Defined benefit plans adjustment: | Defined benefit plans adjustment: | | | | |
| Defined benefit plans adjustment: | | | | | |
| Defined benefit plans adjustment: | | | | | |
| Amortization of net actuarial gains (losses) | | | | | |
| Amortization of net actuarial gains (losses) | | | | | |
| Amortization of net actuarial gains (losses) | Amortization of net actuarial gains (losses) | 2 | — | (3) | (2) |
| Amortization of defined benefit plans, before income tax | Amortization of defined benefit plans, before income tax | 2 | — | (3) | (2) |
| Amortization of defined benefit plans, before income tax | | | | | |
| Amortization of defined benefit plans, before income tax | | | | | |
| Income tax (expense) benefit | | | | | |
| Income tax (expense) benefit | | | | | |
| Income tax (expense) benefit | Income tax (expense) benefit | — | — | 1 | — |
| Amortization of defined benefit plans, net of income tax | Amortization of defined benefit plans, net of income tax | 2 | — | (2) | (2) |
| Amortization of defined benefit plans, net of income tax | | | | | |
| Amortization of defined benefit plans, net of income tax | | | | | |
| Total reclassifications, net of income tax | Total reclassifications, net of income tax | <u>\$ (39)</u> | <u>\$ (40)</u> | <u>\$ (135)</u> | <u>\$ (134)</u> |
| Total reclassifications, net of income tax | | | | | |
| Total reclassifications, net of income tax | | | | | |

11. Other Revenues and Other Expenses

Other Revenues

The Company has entered into contracts with mutual funds, fund managers, and their affiliates (collectively, the "Funds") whereby the Company is paid monthly or quarterly fees ("12b-1 fees") for providing certain services to customers and distributors of the Funds. The 12b-1 fees are generally equal to a fixed percentage of the average daily balance of the customer's investment in a fund. The percentage is specified in the contract between the Company and the Funds. Payments are generally collected when due and are neither refundable nor able to offset future fees.

To earn these fees, the Company performs services such as responding to phone inquiries, maintaining records, providing information to distributors and shareholders about fund performance and providing training to account managers and sales agents. The passage of time reflects the satisfaction of the Company's performance obligations to the Funds and is used to recognize revenue associated with 12b-1 fees.

Other revenues consisted primarily of 12b-1 fees of \$68 million and \$201 million \$67 million for both the three months ended March 31, 2024 and nine months ended September 30, 2023, respectively, and \$70 million and \$226 million for the three months and nine months ended September 30, 2022, respectively, 2023, of which substantially all were reported in the Annuities segment.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

11. Other Revenues and Other Expenses (continued)

Other Expenses

Information on other expenses was as follows:

| | | Three Months Ended September 30, 2023 | | Nine Months Ended September 30, 2022 | |
|--|--|---------------------------------------|-------|--------------------------------------|--------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | (In millions) | | | |
| Compensation | Three Months Ended March 31, 2024 | | | | |
| | Three Months Ended March 31, 2024 | | | | |
| | Three Months Ended March 31, 2024 | | | | |
| | Three Months Ended March 31, 2024 | | | | |
| | Three Months Ended March 31, 2024 | | | | |
| | Three Months Ended March 31, 2024 | | | | |
| | | 2024 | 2024 | 2023 | 2023 |
| | | (In millions) | | | |
| Compensation | Compensation | \$ 98 | \$ 89 | \$ 302 | \$ 254 |
| Contracted services and other labor costs | Contracted services and other labor costs | 73 | 73 | 221 | 197 |
| Transition services agreements | Transition services agreements | 7 | 15 | 26 | 44 |
| Establishment costs | Establishment costs | — | 21 | — | 47 |
| Premium and other taxes, licenses and fees | Premium and other taxes, licenses and fees | 15 | 13 | 49 | 41 |
| Separate account fees | Separate account fees | 93 | 98 | 277 | 314 |

| | | | | | |
|----------------------------|----------------------------|---------|---------|-----------|----------|
| Earnings per common share: | Earnings per common share: | | | | |
| Earnings per common share: | | | | | |
| Earnings per common share: | | | | | |
| Basic | | | | | |
| Basic | | | | | |
| Basic | Basic | \$ 6.92 | \$ 5.42 | \$ (4.08) | \$ 49.31 |
| Diluted | Diluted | \$ 6.89 | \$ 5.39 | \$ (4.08) | \$ 49.00 |

For the three months ended **September 30, 2023**, **March 31, 2023** and 2022 and the nine months ended September 30, 2022, weighted average shares used for calculating diluted earnings per common share excludes 187,371 of out-of-the-money stock options, as the inclusion of such shares would be antidilutive to the earnings per common share calculation due to the average share price for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2022.

For the nine months ended September 30, 2023, **2024**, basic loss per common share equaled diluted loss per common share. The diluted shares were not included in the per share calculation for these periods as the inclusion of such shares would have an antidilutive effect.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

13. Contingencies, Commitments and Guarantees

Contingencies

Litigation

The Company is a defendant in a number of litigation matters. In some of the matters, large or indeterminate amounts, including punitive and treble damages, are sought. Modern pleading practice in the U.S. permits considerable variation in the assertion of monetary damages or other relief. Jurisdictions may permit claimants not to specify the monetary damages sought or may permit claimants to state only that the amount sought is sufficient to invoke the jurisdiction of the trial court. In addition, jurisdictions may permit plaintiffs to allege monetary damages in amounts well exceeding reasonably possible verdicts in the jurisdiction for similar matters. This variability in pleadings, together with the actual experience of the Company in litigating or resolving through settlement numerous claims over an extended period of time, demonstrates to management that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value.

The Company also receives and responds to subpoenas or other inquiries seeking a broad range of information from various state and federal regulators, agencies and officials. The issues involved in information requests and regulatory matters vary widely, but can include inquiries or investigations concerning the Company's compliance with applicable insurance and other laws and regulations. The Company cooperates in these inquiries.

Due to the vagaries of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time may normally be difficult to ascertain. Uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law in the context of the pleadings or evidence presented, whether by motion practice, or at trial or on appeal. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

The Company establishes liabilities for litigation and regulatory loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. It is possible that some matters could require the Company to pay damages or make other expenditures or establish accruals in amounts that could not be estimated at **September 30, 2023**, **March 31, 2024**.

Matters as to Which an Estimate Can Be Made

For some loss contingency matters, the Company is able to estimate a reasonably possible range of loss. For such matters where a loss is believed to be reasonably possible, but not probable, no accrual has been made. In addition to amounts accrued for probable and reasonably estimable losses, as of **September 30, 2023**, **March 31, 2024**, the Company estimates the aggregate range of reasonably possible losses to be up to approximately \$10 million.

Matters as to Which an Estimate Cannot Be Made

For other matters, the Company is not currently able to estimate the reasonably possible loss or range of loss. The Company is often unable to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of the range of possible loss, such as quantification of a damage demand from plaintiffs, discovery from other parties and investigation of factual allegations, rulings by the court on motions or appeals, analysis by experts, and the progress of settlement negotiations. On a quarterly and annual basis, the Company reviews relevant information with respect to litigation contingencies and updates its accruals, disclosures and estimates of reasonably possible losses or ranges of loss based on such reviews.

Sales Practices Claims

Over the past several years, the Company has faced claims and regulatory inquiries and investigations, alleging improper marketing or sales of individual life insurance policies, annuities or other products. The Company continues to defend vigorously against the claims in these matters. The Company believes adequate provision has been made in its consolidated financial statements for all probable and reasonably estimable losses for sales practices matters.

Brighthouse Financial, Inc.

13. Contingencies, Commitments and Guarantees (continued)

Cost of Insurance Class Actions

Richard A. Newton v. Brighthouse Life Insurance Company (U.S. District Court, Northern District of Georgia, Atlanta Division, filed May 8, 2020). Plaintiff has filed a purported class action lawsuit against Brighthouse Life Insurance Company. Plaintiff was the owner of a universal life insurance policy issued by Travelers Insurance Company, a predecessor to Brighthouse Life Insurance Company. Plaintiff seeks to certify a class of all persons who own or owned life insurance policies issued where the terms of the life insurance policy provide or provided, among other things, a guarantee that the cost of insurance rates would not be increased by more than a specified percentage in any contract year. Plaintiff also alleges that cost of insurance charges were based on improper factors and should have decreased over time due to improving mortality but did not. Plaintiff alleges, among other things, causes of action for breach of contract, fraud, suppression and concealment, and violation of the Georgia Racketeer Influenced and Corrupt Organizations Act. Plaintiff seeks to recover damages, including punitive damages, interest and treble damages, attorneys' fees, and injunctive and declaratory relief. Brighthouse Life Insurance Company filed a motion to dismiss in June 2020, which was granted in part and denied in part in March 2021. Plaintiff was granted leave to amend the complaint. On January 18, 2023, the plaintiff filed a motion on consent to amend the second amended class action complaint to narrow the scope of the class sought to those persons who own or owned life insurance policies issued in Georgia. The motion was granted on January 23, 2023, and the third amended class action complaint was filed on January 23, 2023. The Company intends to vigorously defend this matter.

Lawrence Martin v. Brighthouse Life Insurance Company (U.S. District Court, Southern District of New York, filed April 6, 2021). Plaintiff has filed a purported class action lawsuit against Brighthouse Life Insurance Company. Plaintiff is the owner of a universal life insurance policy issued by Travelers Insurance Company, a predecessor to Brighthouse Life Insurance Company. Plaintiff seeks to certify a class of similarly situated owners of universal life insurance policies issued or administered by defendants and alleges that cost of insurance charges were based on improper factors and should have decreased over time due to improving mortality but did not. Plaintiff alleges, among other things, causes of action for breach of contract, breach of the covenant of good faith and fair dealing, and unjust enrichment. Plaintiff seeks to recover compensatory damages, attorney's fees, interest, and equitable relief including a constructive trust. Brighthouse Life Insurance Company filed a motion to dismiss in June 2021, which was denied in February 2022. Brighthouse Life Insurance Company of NY was initially named as a defendant when the lawsuit was filed, but was dismissed as a defendant, without prejudice, in April 2022. The Company intends to vigorously defend this matter.

MOVEit Data Security Incident Litigation

Kennedy v. Progress Software Corporation, et al. (U.S. District Court, District of Massachusetts, filed October 3, 2023). BHF has been named as a defendant in a purported class action lawsuit. The action relates to a data security incident at an alleged third-party vendor, PBI Research Services ("PBI"), and allegedly involves the MOVEit file transfer system that PBI uses in its provision of services ("MOVEit Incident"). As it relates to BHF, plaintiff seeks to certify a subclass of persons whose private information was allegedly maintained by BHF and accessed or acquired in connection with the MOVEit Incident. Plaintiff alleges, among other things, that BHF negligently chose to utilize PBI to store and transfer plaintiff's and purported class members' private information despite PBI's use of the MOVEit software which plaintiff contends contained security vulnerabilities. The complaint asserts claims against BHF for negligence, negligence per se, and unjust enrichment, and plaintiff seeks declaratory and injunctive relief, damages, attorneys' fees and prejudgment interest. BHF intends to vigorously defend this matter.

Summary

Various litigations, claims and assessments against the Company, in addition to those discussed previously and those otherwise provided for in the Company's consolidated financial statements, have arisen in the course of the Company's business, including, but not limited to, in connection with its activities as an insurer, investor and taxpayer. Further, state insurance regulatory authorities and other federal and state authorities regularly make inquiries and conduct investigations concerning the Company's compliance with applicable insurance and other laws and regulations.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

13. Contingencies, Commitments and Guarantees (continued)

It is not possible to predict the ultimate outcome of all pending investigations and legal proceedings. In some of the matters referred to previously, large or indeterminate amounts, including punitive and treble damages, are sought. Although, in light of these considerations, it is possible that an adverse outcome in certain cases could have a material effect upon the Company's financial position, based on information currently known by the Company's management, in its opinion, the outcomes of such pending investigations and legal proceedings are not likely to have such an effect. However, given the large or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

Other Loss Contingencies

As with litigation and regulatory loss contingencies, the Company considers establishing liabilities for loss contingencies associated with disputes or other matters involving third parties, including counterparties to contractual arrangements entered into by the Company (e.g., third-party vendors and reinsurers), as well as with tax or other authorities ("other loss contingencies"). The Company establishes liabilities for such other loss contingencies when it is probable that a loss will be incurred and the amount of the loss can be reasonably estimated. In matters where it is not probable, but is reasonably possible that a loss will be incurred and the amount of loss can be reasonably estimated, such losses or range of losses are disclosed, and no accrual is made. In the absence of sufficient information to support an assessment of the reasonably possible loss or range of loss, no accrual is made and no loss or range of loss is disclosed.

In the matters where the Company's subsidiaries are acting as the reinsured or the reinsurer, such matters involve assertions by third parties primarily related to rates, fees or reinsured benefit calculations, and in certain of such matters, the counterparty has made a request to arbitrate.

On a quarterly basis, the Company reviews relevant information with respect to other loss contingencies and, when applicable, updates its accruals, disclosures and estimates of reasonably possible losses or ranges of loss based on such reviews.

The Company's tax-related matters have involved disputes with taxing authorities, ongoing audits, evaluation of filing positions and any potential assessments related thereto. In the matters where the Company's subsidiaries are acting as the reinsured or the reinsurer, such reinsurance matters have involved assertions by third parties primarily related to rates, fees or reinsured benefit calculations, and certain of such reinsurance matters have resulted in arbitration. In March 2024, an arbitration panel ruled in favor of a reinsurer seeking a premium rate increase retroactive to September 2019 resulting in a \$187 million loss, of which \$167 million is reported in universal life and investment product-type policy fees and \$20 million is reported in other expenses. As of September 30, 2023 March 31, 2024, the Company estimates the range of reasonably possible losses in excess of the amounts accrued for certain other loss contingencies to be from zero up to approximately \$125.75 million which are primarily associated with for the reinsurance-related matters aforementioned tax matters. The reduction in the estimated range of reasonably possible losses reflects the conclusion of the reinsurance arbitration described above. For certain other matters, the Company may not currently be able to estimate the reasonably possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of such loss.

During the second quarter of 2022, the Company settled a reinsurance-related matter with a third party for \$140 million, which is reported in other expenses.

Commitments

Mortgage Loan Commitments

The Company commits to lend funds under mortgage loan commitments. The amounts of these mortgage loan commitments were \$294 million \$387 million and \$247 \$377 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Commitments to Fund Partnership Investments, Bank Credit Facilities and Private Corporate Bond Investments

The Company commits to fund partnership investments and to lend funds under bank credit facilities and private corporate bond investments. The amounts of these unfunded commitments were \$1.4 billion at both March 31, 2024 and \$1.9 billion at September 30, 2023 and December 31, 2022, respectively. December 31, 2023.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

13. Contingencies, Commitments and Guarantees (continued)

Guarantees

In the normal course of its business, the Company has provided certain indemnities, guarantees and commitments to third parties such that it may be required to make payments now or in the future. In the context of acquisition, disposition, investment and other transactions, the Company has provided indemnities and guarantees, including those related to tax, environmental and other specific liabilities and other indemnities and guarantees that are triggered by, among other things, breaches of representations, warranties or covenants provided by the Company. In addition, in the normal course of business, the Company provides indemnifications to counterparties in contracts with triggers similar to the foregoing, as well as for certain other liabilities, such as third-party lawsuits. These obligations are often subject to time limitations that vary in duration, including contractual limitations and those that arise by operation of law, such as applicable statutes of limitation. In some cases, the maximum potential obligation under the indemnities and guarantees is subject to a contractual limitation ranging from less than \$1 million to \$92 million, with a cumulative maximum of \$98 million, while in other cases such limitations are not specified or applicable. Since certain of these obligations are not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future. Management believes that it is unlikely the Company will have to make any material payments under these indemnities, guarantees, or commitments.

In addition, the Company indemnifies its directors and officers as provided in its charters and bylaws. Also, the Company indemnifies its agents for liabilities incurred as a result of their representation of the Company's interests. Since these indemnities are generally not subject to limitation with respect to duration or amount, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these indemnities in the future.

The Company's recorded liabilities were \$1 million at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 for indemnities, guarantees and commitments.

[Table of Contents](#)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Index to Management's Discussion and Analysis of Financial Condition and Results of Operations

| | Page |
|---|--|
| Introduction | 66 52 |
| Executive Summary | 66 52 |
| Industry Trends and Uncertainties | 67 53 |
| Summary of Critical Accounting Estimates | 69 55 |
| Non-GAAP and Other Financial Disclosures | 69 55 |
| Results of Operations | 71 57 |
| Investments | 84 65 |
| Derivatives | 94 74 |
| Policyholder Liabilities | 95 75 |
| Liquidity and Capital Resources | 98 78 |
| Note Regarding Forward-Looking Statements | 105 86 |

[Table of Contents](#)

For purposes of this discussion, “Brighthouse Financial,” the “Company,” “we,” “our” and “us” refer to Brighthouse Financial, Inc. and its subsidiaries, and “BHF” refers solely to Brighthouse Financial, Inc., the ultimate holding company for all of our subsidiaries, and not to any of its subsidiaries. This Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with (i) the Interim Condensed Consolidated Financial Statements and related notes included elsewhere herein; (ii) our Annual Report on Form 10-K for the year ended [December 31, 2022](#) [December 31, 2023](#) (the “[2022](#) [2023](#) Annual Report”) filed with the U.S. Securities and Exchange Commission (“SEC”) on [February 23, 2023](#); (iii) our Quarterly Report on Form 10-Q for the quarter ended [March 31, 2023](#) (the “[First Quarter Form 10-Q](#)”) filed with the SEC on [May 9, 2023](#); (iv) our Quarterly Report on Form 10-Q for the quarter ended [June 30, 2023](#) (the “[Second Quarter Form 10-Q](#)” and, together with the [First Quarter Form 10-Q](#), the “[Quarterly Reports](#)”) filed with the SEC on [August 9, 2023](#) [February 22, 2024](#); and (v) (iii) our current reports on Form 8-K filed in [2023](#), [2024](#).

Introduction

This Management’s Discussion and Analysis of Financial Condition and Results of Operations is intended to help the reader understand the results of operations, financial condition and cash flows of Brighthouse Financial for the periods indicated. Prior to discussing our results of operations, we present information that we believe is useful to understanding the discussion of our financial results. This information precedes our results of operations discussion and is most beneficial when read in the sequence presented. A summary of key informational sections is as follows:

- “Executive Summary” provides summarized information regarding our business, segments and financial results.
- “Industry Trends and Uncertainties” discusses updates and changes to a number of trends and uncertainties included in our [2022](#) [2023](#) Annual Report that we believe may materially affect our future financial condition, results of operations or cash flows.
- “Summary of Critical Accounting Estimates” explains the most critical estimates and judgments applied in determining our results in accordance with accounting principles generally accepted in the United States of America (“GAAP”).
- “Non-GAAP and Other Financial Disclosures” defines key financial measures presented in our results of operations discussion that are not calculated in accordance with GAAP but are used by management in evaluating company and segment performance. As described in this section, adjusted earnings is presented by key business activities which are derived, but different, from the line items presented in the GAAP statements of operations. This section also refers to certain other terms used to describe our insurance business and financial and operating metrics but is not intended to be exhaustive.

Our Results of Operations discussion and analysis presents a review for the three months [ended March 31, 2024](#) and [nine months ended September 30, 2023](#) and [2022](#) [2023](#) and period-over-period [as well as year-over-year](#), comparisons between these periods.

[Certain amounts presented in prior periods within the following discussions of our financial results have been reclassified to conform with the current year presentation.](#)

Executive Summary

We are one of the largest providers of annuity and life insurance products in the U.S. through multiple independent distribution channels and marketing arrangements with a diverse network of distribution partners. We are organized into three segments: (i) Annuities, (ii) Life and (iii) Run-off, which consists [primarily](#) of products that are no longer actively sold and are separately managed. In addition, we report certain of our results of operations in Corporate & Other. See “Business — Segments and Corporate & Other” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Executive Summary” included in our [2022](#) [2023](#) Annual Report, as well as Note [3](#) [2](#) of the Notes to the Interim Condensed Consolidated Financial Statements for further information regarding our segments and Corporate & Other.

[Table of Contents](#)

Net income (loss) available to shareholders and adjusted earnings, a non-GAAP financial measure, were as follows:

(1) We use the term “net income (loss) available to shareholders” to refer to “net income (loss) available to Brighthouse Financial, Inc.’s common shareholders” and “adjusted loss” to refer to negative adjusted earnings values throughout the results of operations discussions.

For the three months ended September 30, 2023, we had net income available to shareholders of \$453 million and adjusted earnings of \$326 million compared to net income available to shareholders of \$388 million and adjusted earnings of \$115 million for the three months ended September 30, 2022. Net income available to shareholders for the three months ended September 30, 2023 primarily reflects net favorable changes in the estimated fair value of our variable annuity guaranteed benefit riders due to market factors and favorable pre-tax adjusted earnings. These favorable impacts were partially offset by an unfavorable change in the estimated fair value of freestanding interest rate derivatives we use to hedge our universal life with secondary guarantees (“ULSG”) business resulting from increasing long-term interest rates and net investment losses on sales of fixed maturity securities.

For the nine months ended September 30, 2023 March 31, 2024, we had net loss available to shareholders of \$272 \$519 million and an adjusted loss of \$98 million compared to net loss available to shareholders of \$525 million and adjusted earnings of \$792 million compared to net income available to shareholders of \$3.7 billion and adjusted earnings of \$639 \$195 million for the nine three months ended September 30, 2022 March 31, 2023. Net loss available to shareholders for the nine three months ended September 30, 2023 March 31, 2024 primarily reflects net unfavorable changes in the estimated fair value of our variable annuity guaranteed benefit riders due to market factors, an unfavorable change in the estimated fair value of freestanding interest rate derivatives we use to hedge our ULSG universal life with secondary guarantees (“ULSG”) business resulting from increasing long-term interest rates, a pre-tax adjusted loss resulting from the conclusion of a reinsurance premium rate increase retroactive to September 2019 and the related impacts, and net investment losses on sales of fixed maturity securities and net investment losses on mortgage loans. These unfavorable impacts were partially offset by favorable pre-tax adjusted earnings, securities.

See “— Non-GAAP and Other Financial Disclosures.” See “— Results of Operations” for a detailed discussion of our results.

Industry Trends and Uncertainties

Throughout this Management’s Discussion and Analysis of Financial Condition and Results of Operations, we discuss a number of trends and uncertainties that we believe may materially affect our future financial condition, results of operations or cash flows. Where these trends or uncertainties are specific to a particular aspect of our business, we often include such a discussion under the relevant caption of this Management’s Discussion and Analysis of Financial Condition and Results of Operations, as part of our broader analysis of that area of our business. Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends and Uncertainties” included in our 2022 2023 Annual Report, as amended or supplemented by our subsequent Quarterly Reports and herein, for a comprehensive discussion of some of the key general trends and uncertainties that have influenced the development of our business and our historical financial performance and that we believe will continue to influence our business and results of operations in the future.

Table of Contents

Financial and Economic Environment

Our business and results of operations are materially affected by conditions in the capital markets and the economy generally. Stressed conditions, volatility and disruptions in the capital markets or financial asset classes can have an adverse effect on us. Equity market performance can affect our profitability for variable annuities and other separate account products as a result of the effects it has on product demand, revenues, expenses, reserves and our risk management effectiveness. The level of long-term interest rates and the shape of the yield curve can have a negative effect on the profitability for variable annuities, and as well as the demand for, and the profitability of, spread-based products such as fixed annuities, index-linked annuities and universal life insurance. Low interest rates and risk premium, including credit spread, affect new money rates on invested assets and the cost of product guarantees. Insurance premium growth and demand for our products is impacted by the general health of U.S. economic activity. A sustained or material increase in inflation could also affect our business in several ways. During inflationary periods, the value of fixed income investments falls which could increase realized and unrealized losses. Interest rates have increased and may continue to increase due to central bank policy responses to combat inflation, which may positively impact our business in certain respects, but could also increase the risk of a recession or an

Table of Contents

equity market downturn and could negatively impact various portions of our business, including our investment portfolio. Inflation also increases our expenses (including, among others, for labor and third-party services), potentially putting pressure on profitability if such costs cannot be passed through to policyholders in our product prices. Prolonged and elevated inflation could adversely affect the financial markets and the economy generally and dispelling it may require governments to pursue a restrictive fiscal and monetary policy, which could constrain overall economic activity and inhibit revenue growth. Events involving limited liquidity, defaults, nonperformance or other adverse developments that affect financial institutions or the financial services industry generally, or concerns or rumors about events of these kinds or other similar risks, could adversely affect market-wide liquidity, which could increase the risk of a recession or an equity market downturn and negatively impact various portions of our business, including our investment portfolio. See “Risk Factors — Economic Environment and Capital Markets-Related Risks — If difficult conditions in the capital markets and the U.S. economy generally persist or are perceived to persist, they may materially adversely affect our business and results of operations” and “Risk Factors — Risks Related to our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations” included in our 2022 2023 Annual Report.

We continue to closely monitor political and economic conditions that might contribute to market volatility and their impact on our business operations, investment portfolio and derivatives, such as global inflation, uncertainty and instability in certain asset classes (including commercial real estate), supply chain disruptions and recent geopolitical conflicts, including in Europe and the Middle East. See “— Investments — Current Environment” herein, as well as “Risk Factors — Economic Environment and Capital Markets-Related Risks,” “Risk Factors — Risks Related to our Investment Portfolio,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risk Management Strategies,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends and Uncertainties” and “Management’s Discussion and

Analysis of Financial Condition and Results of Operations — Investments" included in our 2022 2023 Annual Report for a detailed discussion of financial and economic impacts on our business, including the potential impacts of interest rate risk and inflation risk on our investments and overall business.

Regulatory Developments

Our insurance subsidiaries and Brighthouse Reinsurance Company of Delaware ("BRCD") are primarily regulated primarily at the state level, with some products and services also subject to federal regulation. In addition, BHF and its insurance subsidiaries are subject to regulation under the insurance holding company laws of various U.S. jurisdictions. Furthermore, some of our operations, products and services are subject to the Employee Retirement Income Security Act of 1974, consumer protection laws, securities, broker-dealer and investment advisor regulations, as well as environmental and unclaimed property laws and regulations. See "Business — Regulation," as well as "Risk Factors — Regulatory and Legal Risks" included in our 2022 2023 Annual Report, as amended or supplemented by our subsequent Quarterly Reports quarterly reports under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends and Uncertainties — Regulatory Developments."

Department of Labor Fiduciary Advice Rule

A regulatory action by the Department of Labor ("DOL") (the "Fiduciary Advice Rule"), which became effective on February 16, 2021, reinstated the text of the DOL's 1975 investment advice regulation defining what constitutes fiduciary "investment advice" to Employee Retirement Income Security Act ("ERISA") Plans and Individual Retirement Accounts ("IRA") and provides guidance interpreting such regulation. Under the Fiduciary Advice Rule, individuals or entities providing investment advice would be considered fiduciaries under ERISA or the Internal Revenue Code of 1986, as amended, as applicable, and would therefore be required to act solely in the interest of ERISA Plan participants or IRA beneficiaries, or risk exposure to fiduciary liability with respect to their advice. They would further be prohibited from receiving compensation for this advice, unless an exemption applied.

On April 23, 2024, the DOL issued a final Fiduciary Advice Rule, which was originally proposed in October 2023, that updates the definition of an "investment advice fiduciary" under ERISA and amends related administrative Prohibited Transaction Exemptions (each, a "PTE"), including PTE 2020-02 (which allows fiduciaries to receive compensation in connection with providing investment advice, including advice with respect to roll overs, that would otherwise be prohibited as a result of their fiduciary relationship to the ERISA Plan or IRA) and PTE 84-24 (which, as amended by the final Fiduciary Advice Rule, is available exclusively to independent producer fiduciaries receiving reasonable compensation for products that are not considered securities in connection with providing investment advice, including advice with respect to roll overs, that would otherwise be prohibited as a result of their fiduciary relationship to an ERISA plan or IRA). The Fiduciary Advice Rule broadens the circumstances under which financial institutions, including insurance companies, could be considered fiduciaries to ERISA plans and IRA investors. We are assessing the potential

Table of Contents

impacts of the Fiduciary Advice Rule and cannot currently predict whether, or the extent to which, the Fiduciary Advice Rule may impact us, including with respect to sales of our products through our independent distribution partners, changes in our compliance requirements, product offerings or compensation practices, or increase our litigation risk, any of which could adversely affect our financial condition and results of operations. We may also need to take certain additional actions to comply with, or assist our distributors in their compliance with, the Fiduciary Advice Rule. We will continue to monitor developments regarding the new rule. See "Business — Regulation — Standard of Conduct Regulation — Department of Labor Fiduciary Advice Rule" included in our 2023 Annual Report for additional information regarding the Fiduciary Advice Rule.

Summary of Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported on the Interim Condensed Consolidated Financial Statements.

The most critical estimates include those used in determining:

- liability for future policy benefits;
- estimated fair values of market risk benefits ("MRB");
- estimated fair values of freestanding derivatives and the recognition and estimated fair value of embedded derivatives requiring bifurcation; and
- measurement of income taxes and the valuation of deferred tax assets.

In applying our accounting policies, we make subjective and complex judgments that frequently require estimates about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to our business and operations. Actual results could differ from these estimates.

In connection with the adoption of new guidance on long-duration contracts (Accounting Standards Update 2018-12, Financial Services-Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts ("LDTI")), effective January 1, 2023, the Company updated its impacted critical accounting estimates. The impacted above critical accounting estimates are described in our First Quarter Form 10-Q in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates" and in Note 1 of the Notes to the Interim Condensed Consolidated Financial Statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates" Statements included in the 2022 our 2023 Annual Report for a description of income taxes and the valuation of deferred tax assets, which remain unchanged following the adoption of LDTI. Report.

Non-GAAP and Other Financial Disclosures

Our definitions of non-GAAP and other financial measures may differ from those used by other companies.

Non-GAAP Financial Disclosures

Adjusted Earnings

In this report, we present adjusted earnings as a measure of our performance that is not calculated in accordance with GAAP. Adjusted earnings is used by management to evaluate performance and facilitate comparisons to industry results. We believe the presentation of adjusted earnings, as the Company measures it for management purposes, enhances the understanding of our performance by the investor community by highlighting the results of operations and the underlying profitability drivers of our business. Adjusted earnings should not be viewed as a substitute for net income (loss) available to Brighthouse Financial, Inc.'s common shareholders, which is the most directly

comparable financial measure calculated in accordance with GAAP. See “— Results of Operations” for a reconciliation of adjusted earnings to net income (loss) available to Brighthouse Financial, Inc.’s common shareholders.

Adjusted earnings, which may be positive or negative, focuses on our primary businesses by excluding the impact of market volatility, which could distort trends. **The Company uses the term “adjusted loss” throughout this report to refer to negative adjusted earnings values.**

The following are significant items excluded from total revenues in calculating adjusted earnings:

- Net investment gains (losses); and
- Net derivative gains (losses), excluding earned income and amortization of premium on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment (“Investment Hedge Adjustments”).

Table of Contents

The following are significant items excluded from total expenses in calculating adjusted earnings:

- Change in MRBs; and
- Change in fair value of the crediting rate on experience-rated contracts (“Market Value Adjustments”).

The provision for income tax related to adjusted earnings is calculated using the statutory tax rate of 21%, net of impacts related to the dividends received deduction, tax credits and current period non-recurring items.

Table of Contents

We present adjusted earnings in a manner consistent with management’s view of the primary business activities that drive the profitability of our core businesses. The following table illustrates how each component of adjusted earnings is calculated from the GAAP statements of operations line items:

| Component of Adjusted Earnings | How Derived from GAAP (1) |
|---|--|
| (i) Fee income | (i) <i>Universal life and investment-type product policy fees plus Other revenues.</i> |
| (ii) Net investment spread | (ii) <i>Net investment income plus Investment Hedge Adjustments reduced by Interest credited to policyholder account balances (excluding Market Value Adjustments) and interest on future policy benefits.</i> |
| (iii) Insurance-related activities | (iii) <i>Premiums less Policyholder benefits and claims, excluding interest on future policy benefits.</i> |
| (iv) Amortization of DAC and VOBA | (iv) <i>Amortization of deferred policy acquisition costs (“DAC”) and value of business acquired (“VOBA”).</i> |
| (v) Other expenses | (v) <i>Other expenses.</i> |
| (vi) Provision for income tax expense (benefit) | (vi) Tax impact of the above items, calculated using the statutory tax rate of 21%, net of impacts related to the dividends received deduction, tax credits and current period non-recurring items. |

(1) Italicized items indicate GAAP statements of operations line items.

Consistent with GAAP guidance for segment reporting, adjusted earnings is also our GAAP measure of segment performance. Accordingly, we report adjusted earnings by segment in Note 32 of the Notes to the Interim Condensed Consolidated Financial Statements.

Adjusted Net Investment Income

We present adjusted net investment income to measure our performance for management purposes, and we believe it enhances the understanding of our investment portfolio results. Adjusted net investment income represents GAAP net investment income plus Investment Hedge Adjustments. For a reconciliation of adjusted net investment income to net investment income, the most directly comparable GAAP measure, see table note (3) to the summary yield table located in “— Investments — Current Environment — Investment Portfolio Results.”

Other Financial Disclosures

Similar to adjusted net investment income, we present net investment income yields as a performance measure we believe enhances the understanding of our investment portfolio results. Net investment income yields are calculated on adjusted net investment income as a percentage of average quarterly asset carrying values. Asset carrying values exclude unrealized gains (losses), collateral received in connection with our securities lending program, freestanding derivative assets and collateral received from derivative counterparties. Investment fee and expense yields are calculated as a percentage of average quarterly asset estimated fair values. Asset estimated fair values exclude collateral received in connection with our securities lending program, freestanding derivative assets and collateral received from derivative counterparties.

Table of Contents

Results of Operations

Annual Actuarial Review

We typically conduct our annual actuarial review ("AAR") in the third quarter of each year. As part of the 2023 AAR, for our ULSG business, we increased the long-term general account earned rate, driven by an increase in the mean reversion rate from 3.50% to 3.75%. Also, with respect to our ULSG business, we updated assumptions regarding policyholder behavior, including mortality, premium persistency, lapses, withdrawals and maintenance expenses. For our variable annuity business, we updated our annuitization, mortality, lapses and withdrawals, as well as separate account assumptions, including fund fees, allocations and volatility. For term participating and non-participating whole life insurance, we updated assumptions regarding mortality and lapses.

As part of the 2022 AAR, for our ULSG business, we increased the long-term general account earned rate, driven by an increase in the mean reversion rate from 3.00% to 3.50%. Also, with respect to our ULSG business, we updated assumptions regarding policyholder behavior, including mortality, premium persistency, lapses, withdrawals and maintenance expenses. For our variable annuity business, we updated our fund allocations, mortality, lapses and withdrawals. For term and non-participating whole life insurance, we updated assumptions regarding mortality and lapses.

The impact on income (loss) available to shareholders before provision for income tax was as follows:

| | Nine Months Ended September 30, | |
|---|------------------------------------|----------|
| | 2023 | 2022 |
| | (In millions) | |
| Market risk benefits | \$ (251) | \$ (210) |
| Included in pre-tax adjusted earnings: | | |
| Other annuity business | 15 | (69) |
| Life business | (90) | (20) |
| Run-off | 119 | 162 |
| Total included in pre-tax adjusted earnings | 44 | 73 |
| Total impact on income (loss) available to shareholders before provision for income tax | \$ (207) | \$ (137) |

Table of Contents

Consolidated Results for the Three Months Ended March 31, 2024 and Nine Months Ended September 30, 2023 and 2022 2023

Unless otherwise noted, all amounts in the following discussions of our results of operations are stated before income tax except for adjusted earnings, which are presented net of income tax.

| | | Three Months Ended September 30, | | Nine Months Ended September 30, | | Three Months Ended March 31, | |
|--|--|--|--------|---------------------------------------|--------|---------------------------------|------|
| | | 2023 | 2022 | 2023 | 2022 | 2024 | 2023 |
| | | (In millions) | | | | (In millions) | |
| Revenues | Revenues | | | | | | |
| Premiums | Premiums | \$ 194 | \$ 162 | \$ 602 | \$ 495 | | |
| Universal life and investment-type product policy fees | Universal life and investment-type product policy fees | 542 | 597 | 1,749 | 1,886 | | |
| Net investment income | Net investment income | 1,202 | 877 | 3,457 | 3,089 | | |
| Other revenues | Other revenues | 125 | 122 | 348 | 378 | | |
| Net investment gains (losses) | Net investment gains (losses) | (53) | (45) | (213) | (179) | | |
| Net derivative gains (losses) | Net derivative gains (losses) | (840) | (592) | (3,226) | 1,331 | | |
| Total revenues | Total revenues | 1,170 | 1,121 | 2,717 | 7,000 | | |
| Expenses | Expenses | | | | | | |

| | | | | | |
|--|--|---------|--------|----------|---------|
| Policyholder benefits and claims (including liability remeasurement gains (losses) of (\$234), \$35, (\$234) and \$35, respectively) | | 590 | 534 | 1,966 | 1,926 |
| Policyholder benefits and claims (including liability remeasurement gains (losses) of \$0 and \$0, respectively) | | | | | |
| Policyholder benefits and claims (including liability remeasurement gains (losses) of \$0 and \$0, respectively) | | | | | |
| Policyholder benefits and claims (including liability remeasurement gains (losses) of \$0 and \$0, respectively) | | | | | |
| Interest credited to policyholder account balances | Interest credited to policyholder account balances | 426 | 405 | 1,300 | 937 |
| Amortization of DAC and VOBA | Amortization of DAC and VOBA | 155 | 159 | 468 | 474 |
| Change in market risk benefits | Change in market risk benefits | (1,064) | (984) | (2,170) | (2,625) |
| Interest expense on debt | Interest expense on debt | 38 | 38 | 114 | 114 |
| Other expenses | Other expenses | 435 | 457 | 1,339 | 1,482 |
| Total expenses | Total expenses | 580 | 609 | 3,017 | 2,308 |
| Income (loss) before provision for income tax | Income (loss) before provision for income tax | 590 | 512 | (300) | 4,692 |
| Provision for income tax expense (benefit) | Provision for income tax expense (benefit) | 109 | 97 | (109) | 945 |
| Net income (loss) | Net income (loss) | 481 | 415 | (191) | 3,747 |
| Less: Net income (loss) attributable to noncontrolling interests | Less: Net income (loss) attributable to noncontrolling interests | 2 | 2 | 4 | 4 |
| Net income (loss) attributable to Brighthouse Financial, Inc. | Net income (loss) attributable to Brighthouse Financial, Inc. | 479 | 413 | (195) | 3,743 |
| Less: Preferred stock dividends | Less: Preferred stock dividends | 26 | 25 | 77 | 78 |
| Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders | Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders | \$ 453 | \$ 388 | \$ (272) | \$3,665 |

The components of net income (loss) available to shareholders were as follows:

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|--------|-------------------|----------|
| | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| | (In millions) | | | |
| Change in market risk benefits | \$ 1,064 | \$ 984 | \$ 2,170 | \$ 2,625 |
| Net investment gains (losses) | (53) | (45) | (213) | (179) |
| Net derivative gains (losses), excluding investment hedge adjustments | (865) | (615) | (3,312) | 1,293 |
| Market value adjustments | 15 | 20 | 9 | 90 |
| Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends | 401 | 141 | 965 | 781 |
| Income (loss) available to shareholders before provision for income tax | 562 | 485 | (381) | 4,610 |
| Provision for income tax expense (benefit) | 109 | 97 | (109) | 945 |
| Net income (loss) available to shareholders | \$ 453 | \$ 388 | \$ (272) | \$ 3,665 |

Change in Market Risk Benefits. The change in MRBs reflects changes in the projected value of annuity guaranteed benefits discounted at current risk-free rates, plus a nonperformance risk spread that is locked-in at policy issuance.

| | Three Months Ended | |
|---|--------------------|----------|
| | March 31, | |
| | 2024 | 2023 |
| | (In millions) | |
| Change in market risk benefits | \$ 1,440 | \$ (194) |
| Net investment gains (losses) | (42) | (96) |
| Net derivative gains (losses), excluding investment hedge adjustments | (1,934) | (613) |
| Market value adjustments | 4 | (8) |
| Pre-tax adjusted earnings (loss), less net income (loss) attributable to noncontrolling interests and preferred stock dividends | (110) | 230 |
| Income (loss) available to shareholders before provision for income tax | (642) | (681) |
| Provision for income tax expense (benefit) | (123) | (156) |
| Net income (loss) available to shareholders | \$ (519) | \$ (525) |

[Table of Contents](#)

Net Derivative Gains (Losses). We have derivative instruments for which changes in estimated fair value are recognized in net derivative gains (losses).

Freestanding Derivatives. We have freestanding derivatives that economically hedge certain invested assets and insurance liabilities. The majority of this hedging activity is focused in the following areas:

- use of a proprietary mix of derivative instruments to hedge variable annuity guaranteed benefit riders against adverse changes in capital markets;
- as part of the Company's macro interest rate hedging program, the use of interest rate swaps, swaptions and interest rate forwards in connection with our ULSG business;
- use of interest rate swaps when we have duration mismatches where suitable assets with maturities similar to those of our long-dated liabilities are not readily available in the market and use of interest rate forwards hedging reinvestment risk from maturing assets with higher yields than currently available in the market that support long-dated liabilities;
- use of foreign currency swaps when we hold fixed maturity securities denominated in foreign currencies that are matching insurance liabilities denominated in U.S. dollars; and
- use of equity index options to hedge index-linked annuity products against adverse changes in equity markets.

Embedded Derivatives. The changes in liability values of our fixed index-linked annuity and Shield® Level Annuity ("Shield") products that result from changes in the underlying equity index are accounted for as embedded derivatives. In addition, certain ceded reinsurance agreements in our Life and Run-off segments are written on a coinsurance with funds withheld basis. The funds withheld component is accounted for as an embedded derivative with changes in the estimated fair value recognized in net income (loss) in the period in which they occur.

Market value adjustments. See "— Non-GAAP and Other Financial Disclosures — Non-GAAP Financial Disclosures — Adjusted Earnings."

Pre-tax Adjusted Earnings. See "— Non-GAAP and Other Financial Disclosures — Non-GAAP Financial Disclosures — Adjusted Earnings."

Three Months Ended September 30, 2023 March 31, 2024 Compared with the Three Months Ended September 30, 2022 March 31, 2023

Income Loss available to shareholders before provision for income tax was \$562 \$642 million (\$453 \$519 million, net of income tax), an increase a lower loss of \$77 million \$39 million (\$55 \$6 million, net of income tax) from income loss available to shareholders before provision for income tax of \$485 \$681 million (\$388 \$525 million, net of income tax) in the prior period.

The increase in income lower loss before provision for income tax was driven by higher pre-tax adjusted earnings, as discussed in greater detail below.

The increase in income before provision for income taxes was partially offset by the following unfavorable favorable items:

- lower losses from variable annuity guaranteed benefit riders, see “— Annuity Guaranteed Benefits and Shield Annuity Liabilities for the Three Months Ended March 31, 2024 and Nine Months Ended September 30, 2023 and 2022” 2023”; and
- the impact of long-term interest rates equity markets on interest rate derivatives used equity options we use to manage interest rate exposure in hedge our ULSG non-variable annuity business, as the long-term interest rate equity markets increased more in the current period resulting in than the prior period; and
- net investment gains (losses) reflecting lower net losses on sales of fixed maturity securities and lower net losses on mortgage loans due to a loss of \$500 million and increased less smaller increase in the prior period resulting in a loss of \$483 million. allowance for credit losses.

The provision for income tax, expressed as a percentage of income (loss) before provision for income tax, resulted in an effective tax rate of 18% in the current period compared to 19% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction and tax credits.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

Loss available to shareholders before provision for income tax was \$381 million (\$272 million, net of income tax), a decrease of \$5.0 billion (\$3.9 billion, net of income tax) from income available to shareholders before provision for income tax of \$4.6 billion (\$3.7 billion, net of income tax) in the prior period.

[Table of Contents](#)

The decrease in income before provision for income tax was driven by losses from variable annuity guaranteed benefit riders, see “— Annuity Guaranteed Benefits and Shield Annuity Liabilities for the Three Months and Nine Months Ended September 30, 2023 and 2022.”

The decrease in income lower loss before provision for income tax was partially offset by the following favorable unfavorable items:

- the impact of long-term interest rates on interest rate derivatives used to manage interest rate exposure in our ULSG business, as the long-term interest rate increased less in the current period resulting in a loss of \$443 \$212 million and increased more decreased in the prior period resulting in a loss gain of \$1.7 billion; \$141 million; and
- higher lower pre-tax adjusted earnings, as discussed in greater detail below.

The provision for income tax, expressed as a percentage of income (loss) before provision for income tax, resulted in an effective tax rate of 36% 20% in the current period compared to 20% 24% in the prior period. The increase decrease in the effective tax rate was driven by the decrease in income a lower loss before provision for income tax as discussed above. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction, tax credits and current period non-recurring items.

Reconciliation of Net Income (Loss) Available to Shareholders to Adjusted Earnings

The reconciliation of net income (loss) available to shareholders to adjusted earnings was as follows:

| | | Three Months Ended September 30, 2023 | | | | | | |
|---|---|---------------------------------------|-------|---------|-------------------|----|-------|--------|
| | | Run-off Corporate | | | | | Total | |
| | | Annuities | Life | off | & Other | | | |
| | | (In millions) | | | | | | |
| | | Three Months Ended March 31, 2024 | | | | | | |
| | | Annuities | Life | Run-off | Corporate & Other | | Total | |
| | | (In millions) | | | | | | |
| Net income (loss) available to shareholders | Net income (loss) available to shareholders | \$ | 1,017 | \$(88) | \$(573) | \$ | 97 | \$ 453 |
| Add: Provision for income tax expense (benefit) | Add: Provision for income tax expense (benefit) | | 75 | (20) | 182 | | (128) | 109 |
| Income (loss) available to shareholders before provision for income tax | Income (loss) available to shareholders before provision for income tax | | 1,092 | (108) | (391) | | (31) | 562 |

| | | | | | | |
|---|--|--------|---------|-------|---------|--------|
| Less: Net investment gains (losses) | Less: Net investment gains (losses) | (31) | (10) | (12) | — | (53) |
| Less: Net derivative gains (losses), excluding investment hedge adjustments of \$25 | | (334) | (5) | (514) | (12) | (865) |
| Less: Net derivative gains (losses), excluding investment hedge adjustments of \$13 | | | | | | |
| Less: Change in market risk benefits | Less: Change in market risk benefits | 1,064 | — | — | — | 1,064 |
| Less: Market value adjustments | Less: Market value adjustments | — | — | 15 | — | 15 |
| Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends | | 393 | (93) | 120 | (19) | 401 |
| Pre-tax adjusted earnings (loss), less net income (loss) attributable to noncontrolling interests and preferred stock dividends | | | | | | |
| Less: Provision for income tax expense (benefit) | Less: Provision for income tax expense (benefit) | 74 | (20) | 25 | (4) | 75 |
| Adjusted earnings | | \$ 319 | \$ (73) | \$ 95 | \$ (15) | \$ 326 |
| Adjusted earnings (loss) | | | | | | |

| | Three Months Ended September 30, 2022 | | | | |
|--|---------------------------------------|---------|----------|-------------------|--------|
| | Annuities | Life | Run-off | Corporate & Other | Total |
| | (In millions) | | | | |
| Net income (loss) available to shareholders | \$ 869 | \$ (29) | \$ (600) | \$ 148 | \$ 388 |
| Add: Provision for income tax expense (benefit) | 96 | (10) | 114 | (103) | 97 |
| Income (loss) available to shareholders before provision for income tax | 965 | (39) | (486) | 45 | 485 |
| Less: Net investment gains (losses) | (26) | (5) | (27) | 13 | (45) |
| Less: Net derivative gains (losses), excluding investment hedge adjustments of \$23 | (239) | 10 | (459) | 73 | (615) |
| Less: Change in market risk benefits | 984 | — | — | — | 984 |
| Less: Market value adjustments | — | — | 20 | — | 20 |
| Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends | 246 | (44) | (20) | (41) | 141 |
| Less: Provision for income tax expense (benefit) | 44 | (10) | (4) | (4) | 26 |
| Adjusted earnings | \$ 202 | \$ (34) | \$ (16) | \$ (37) | \$ 115 |

[Table of Contents](#)

| | | Nine Months Ended September 30, 2023 | | | | | | | |
|---------------------------------|---------------------------------|--------------------------------------|------|--------|-----------------------------------|---------|---------|-------------------|-------|
| | | Run- Corporate | | | | | Total | | |
| | | Annuities | Life | off | & Other | | | | |
| | | (In millions) | | | | | | | |
| | | Three Months Ended March 31, 2023 | | | Three Months Ended March 31, 2023 | | | | |
| | | Annuities | | | Annuities | Life | Run-off | Corporate & Other | Total |
| | | (In millions) | | | (In millions) | | | | |
| | Net income | | | | | | | | |
| Net income | (loss) available | | | | | | | | |
| (loss) available | to | | | | | | | | |
| to shareholders | shareholders | \$ | 99 | \$(76) | \$(60) | \$ | (235) | \$ | (272) |
| Add: Provision | Add: Provision | | | | | | | | |
| for income tax | for income tax | | | | | | | | |
| expense | expense | | | | | | | | |
| (benefit) | (benefit) | 209 | (18) | (451) | 151 | (109) | | | |
| Income (loss) | Income (loss) | | | | | | | | |
| available to | available to | | | | | | | | |
| shareholders | shareholders | | | | | | | | |
| before | before | | | | | | | | |
| provision for | provision for | | | | | | | | |
| income tax | income tax | 308 | (94) | (511) | (84) | (381) | | | |
| Less: Net | Less: Net | | | | | | | | |
| investment | investment | | | | | | | | |
| gains (losses) | gains (losses) | (159) | (17) | (26) | (11) | (213) | | | |
| Less: Net derivative gains | Less: Net derivative gains | | | | | | | | |
| (losses), excluding | (losses), excluding | | | | | | | | |
| investment hedge | investment hedge | | | | | | | | |
| adjustments of \$86 | adjustments of \$86 | (2,840) | (2) | (459) | (11) | (3,312) | | | |
| Less: Net | Less: Net | | | | | | | | |
| derivative | derivative | | | | | | | | |
| gains | gains | | | | | | | | |
| (losses), | (losses), | | | | | | | | |
| excluding | excluding | | | | | | | | |
| investment | investment | | | | | | | | |
| hedge | hedge | | | | | | | | |
| adjustments | adjustments | | | | | | | | |
| of \$38 | of \$38 | | | | | | | | |
| Less: Change | Less: Change | | | | | | | | |
| in market risk | in market risk | | | | | | | | |
| benefits | benefits | 2,170 | — | — | — | 2,170 | | | |
| Less: Market | Less: Market | | | | | | | | |
| value | value | | | | | | | | |
| adjustments | adjustments | — | — | 9 | — | 9 | | | |
| Pre-tax adjusted earnings, less | Pre-tax adjusted earnings, less | | | | | | | | |
| net income (loss) attributable | net income (loss) attributable | | | | | | | | |
| to noncontrolling interests | to noncontrolling interests | | | | | | | | |
| and preferred stock dividends | and preferred stock dividends | 1,137 | (75) | (35) | (62) | 965 | | | |
| Pre-tax adjusted | Pre-tax adjusted | | | | | | | | |
| earnings | earnings | | | | | | | | |
| (loss), less | (loss), less | | | | | | | | |
| net income | net income | | | | | | | | |
| (loss) | (loss) | | | | | | | | |
| attributable to | attributable to | | | | | | | | |
| noncontrolling | noncontrolling | | | | | | | | |
| interests and | interests and | | | | | | | | |
| preferred | preferred | | | | | | | | |
| stock | stock | | | | | | | | |
| dividends | dividends | | | | | | | | |

| | | | | | |
|--|--|--------|--------|--------|----------------|
| Less: | | | | | |
| Less: Provision for income tax expense (benefit) | Provision for income tax expense (benefit) | 213 | (18) | (8) | (14) 173 |
| Adjusted earnings | | \$ 924 | \$(57) | \$(27) | \$ (48) \$ 792 |
| Adjusted earnings (loss) | | | | | |

| | Nine Months Ended September 30, 2022 | | | | |
|--|--------------------------------------|-------|------------|-------------------|----------|
| | Annuities | Life | Run-off | Corporate & Other | Total |
| | (In millions) | | | | |
| Net income (loss) available to shareholders | \$ 6,047 | \$ 43 | \$ (2,584) | \$ 159 | \$ 3,665 |
| Add: Provision for income tax expense (benefit) | 325 | 14 | 794 | (188) | 945 |
| Income (loss) available to shareholders before provision for income tax | 6,372 | 57 | (1,790) | (29) | 4,610 |
| Less: Net investment gains (losses) | (105) | (30) | (63) | 19 | (179) |
| Less: Net derivative gains (losses), excluding investment hedge adjustments of \$38 | 2,774 | 12 | (1,628) | 135 | 1,293 |
| Less: Change in market risk benefits | 2,625 | — | — | — | 2,625 |
| Less: Market value adjustments | — | — | 90 | — | 90 |
| Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends | 1,078 | 75 | (189) | (183) | 781 |
| Less: Provision for income tax expense (benefit) | 202 | 14 | (40) | (34) | 142 |
| Adjusted earnings | \$ 876 | \$ 61 | \$ (149) | \$ (149) | \$ 639 |

Table of Contents

Consolidated Results for the Three Months Ended March 31, 2024 and Nine Months Ended September 30, 2023 and 2022 2023 — Adjusted Earnings

The components of adjusted earnings were as follows:

| | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|------------------------------|------------------------------|----------------------------------|--------|---------------------------------|----------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | (In millions) | | | |
| | | Three Months Ended March 31, | | Three Months Ended March 31, | |
| | | 2024 | 2024 | 2023 | 2023 |
| | | (In millions) | | (In millions) | |
| Fee income | Fee income | \$ 667 | \$ 719 | \$ 2,097 | \$ 2,264 |
| Net investment spread | Net investment spread | 758 | 449 | 2,152 | 2,023 |
| Insurance-related activities | Insurance-related activities | (368) | (346) | (1,282) | (1,354) |
| Amortization of DAC and VOBA | Amortization of DAC and VOBA | (155) | (159) | (468) | (474) |
| Other expenses | Other expenses | (473) | (495) | (1,453) | (1,596) |

| | | | | | |
|---|--|--------|--------|--------|--------|
| Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends | Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends | 28 | 27 | 81 | 82 |
| Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends | | 401 | 141 | 965 | 781 |
| Pre-tax adjusted earnings (loss), less net income (loss) attributable to noncontrolling interests and preferred stock dividends | | | | | |
| Provision for income tax expense (benefit) | Provision for income tax expense (benefit) | 75 | 26 | 173 | 142 |
| Adjusted earnings | | \$ 326 | \$ 115 | \$ 792 | \$ 639 |
| Adjusted earnings (loss) | | | | | |

Three Months Ended September 30, 2023 March 31, 2024 Compared with the Three Months Ended September 30, 2022 March 31, 2023

Adjusted earnings were \$326 loss was \$98 million in the current period, an increase a decrease of \$211 \$293 million.

Key net favorable unfavorable impacts were:

- higher net costs associated with insurance-related activities due to:
 - an increase in liability balances in our Run-off segment resulting from a reinsurance premium rate increase associated with the conclusion of a reinsurance arbitration; and
 - a decrease in income annuity underwriting margins;
 partially offset by
 - lower paid claims, net of reinsurance, in our Life and Run-off segments;
- lower net fee income due to:
 - higher ceded cost of insurance fees in our Life and Run-off segments related to the conclusion of the aforementioned reinsurance arbitration;

[Table of Contents](#)

partially offset by

- higher reinsurance fees commensurate with an increase in deposit balances resulting from increased sales in our Annuity segment; and
- higher other expenses due to:
 - the conclusion of the aforementioned reinsurance arbitration; and
 - higher deferred compensation and operational expenses;
 partially offset by
 - lower transition services agreement expenses.

Key net favorable impact was:

- higher net investment spread due to:
 - higher returns on other limited partnerships;
 - higher average invested assets resulting from positive net flows in the general account;

- higher investment yields on our fixed income portfolio, as proceeds from maturing investments and the growth in the investment portfolio were invested at higher yields than the portfolio average;
- higher returns from short-term investments; and
- lower interest credited to policyholders due to changes made in the prior period in connection with the AAR along with current period actuarial modeling improvements, net of higher interest credited consistent with higher account balances;

partially offset by

- lower returns on real estate limited partnerships and limited liability companies ("LLC"); and

▪ lower other expenses due to:

- higher systems conversion costs in the prior period; and
- lower asset-based variable annuity expenses resulting from lower average separate account balances, a portion of which is offset in fee income.

Key unfavorable impacts were:

▪ lower fee income due to:

- a decline in the net cost of insurance fees driven by the aging in-force business in our Run-off segment; and
- lower asset-based fees resulting from lower average separate account balances, a portion of which is offset in other expenses; and

▪ higher net costs associated with insurance-related activities due to:

- a net increase in liability balances resulting from year-over-year changes made in connection with the AAR in our Life, Run-off, and Annuities segments;

[Table of Contents](#)

partially offset by

- lower paid claims, net of reinsurance, in our Run-off segment.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 17% in the current period compared to 15% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction and tax credits.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

Adjusted earnings were \$792 million in the current period, an increase of \$153 million.

Key net favorable impacts were:

▪ lower other expenses due to:

- the settlement of a reinsurance-related matter in the prior period;
- lower asset-based variable annuity expenses resulting from lower average separate account balances, a portion of which is offset in fee income;
- higher systems conversion costs in the prior period; and
- lower transition services agreement expenses;

partially offset by

- lower ceded cost of insurance expenses consistent with favorable equity market returns in our Life segment, which is offset in fee income; and
- higher deferred compensation and operational expenses; and

▪ higher net investment spread due to:

- higher investment yields and average invested long-term assets from funding agreements issued in connection with our institutional spread margin business;
- higher average invested assets resulting from positive net flows in the general account;
- higher investment yields on our fixed income portfolio, as proceeds from maturing investments and the growth in the investment portfolio were invested at higher yields than the portfolio average; and
- higher returns average invested assets resulting from short-term investments; positive net flows in the general account;

partially offset by

- lower returns on real estate limited partnerships and LLCs;

- lower returns on other limited partnerships; and

- higher interest credited to policyholders due to higher account balances, net of changes made in the prior period in connection with the AAR, and current period actuarial modeling improvements; and

▪ lower net costs associated with insurance-related activities due to:

- lower liabilities in our Run-off segment from the impact of new reinsurance agreements entered into in the prior period;
 - lower paid claims, net of reinsurance, in our Run-off and Life segments; and
 - an increase in income annuity underwriting margin;
- partially offset by
- a net increase in liability balances resulting from year-over-year changes made in connection with the AAR in our Life, Run-off, and Annuities segments.

Key net unfavorable impacts were:

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 17% 15% in the current period compared to 16% 14% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction, tax credits and current period non-recurring items.

Segments and Corporate & Other Results for the Three Months Ended March 31, 2024 and Nine Months Ended September 30, 2023 and 2022 — Adjusted Earnings

The components of adjusted earnings for our Annuities segment were as follows:

| Provision for income tax expense (benefit) | Provision for income tax expense (benefit) | 74 | 44 | 213 | 202 |
|---|---|--------|-------|--------|--------|
| Adjusted earnings | Adjusted earnings | \$ 319 | \$202 | \$ 924 | \$ 876 |

A significant portion of our adjusted earnings is driven by separate account balances related to our variable annuity business, as these balances determine asset-based fee income and commissions. The changes in our variable annuities separate account balances are presented in Note 45 of the Notes to the Interim Condensed Consolidated Financial Statements.

Three Months Ended September 30, 2023 March 31, 2024 Compared with the Three Months Ended September 30, 2022 March 31, 2023

Adjusted earnings were \$319 \$313 million in the current period, an increase a decrease of \$117 \$1 million.

Key unfavorable impact was higher costs associated with insurance-related activities due to a decrease in income annuity underwriting margins.

Key net favorable impacts were:

- higher fee income due to higher reinsurance fees commensurate with an increase in deposit balances resulting from increased sales; and
- higher net investment spread due to:
 - higher average invested assets resulting from positive net flows in the general account; and
 - higher investment yields on our fixed income portfolio, as proceeds from maturing investments and the growth in the investment portfolio were invested at higher yields than the portfolio average;
 - higher average invested assets resulting from positive net flows in the general account;
 - lower interest credited to policyholders due to changes made in the prior period in connection with the AAR and current period actuarial modeling improvements, net of higher interest credited consistent with higher account balances;
 - higher returns from short-term investments; and
 - higher returns on other limited partnerships;

Table of Contents

partially offset by

- lower returns on real estate limited partnerships and LLCs;
- lower costs associated with insurance-related activities due a net decrease in liability balances resulting from changes made in the current period in connection with the AAR; and
- lower other expenses due to lower asset-based variable annuity expenses resulting from lower average separate account balances, a portion of which is offset in fee income.

Key unfavorable impact was lower asset-based fees resulting from lower average separate account balances, a portion of which is offset in other expenses.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 19% in the current period compared to 18% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

Adjusted earnings were \$924 million in the current period, an increase of \$48 million.

Key net favorable impacts were:

- higher net investment spread due to:
 - higher average invested assets resulting from positive net flows in the general account;
 - higher investment yields on our fixed income portfolio, as proceeds from maturing investments and the growth in the investment portfolio were invested at higher yields than the portfolio average; and
 - higher returns from short-term investments;

partially offset by

- lower returns on real estate limited partnerships and LLCs; and
- higher interest credited to policyholders due to higher account balances, net of changes made in the prior period in connection with the AAR, and current period actuarial modeling improvements; balances.
- lower costs associated with insurance-related activities due to:

| | | | | | |
|--|--|-------|---------|---------|----------|
| Amortization of DAC and VOBA | Amortization of DAC and VOBA | — | — | — | — |
| Other expenses | Other expenses | (43) | (38) | (123) | (248) |
| Pre-tax adjusted earnings | | 120 | (20) | (35) | (189) |
| Pre-tax adjusted earnings (loss) | | | | | |
| Provision for income tax expense (benefit) | Provision for income tax expense (benefit) | 25 | (4) | (8) | (40) |
| Adjusted earnings | | \$ 95 | \$ (16) | \$ (27) | \$ (149) |
| Adjusted earnings (loss) | | | | | |

Three Months Ended September 30, 2023 Compared with the Three Months Ended September 30, 2022

Adjusted earnings were \$95 million in the current period, an increase of \$111 million.

Key net favorable impacts were:

- higher net costs associated with insurance-related activities due to:
 - an increase in liability balances resulting from a reinsurance premium rate increase associated with the conclusion of a reinsurance arbitration;

Table of Contents

- lower paid claims, net of reinsurance;
- lower fee income due to higher ceded cost of insurance fees and higher other expenses, both related to the conclusion of the aforementioned reinsurance arbitration.

Key favorable impact was a higher net investment spread due to higher returns on other limited partnerships; and

- lower costs associated with insurance-related activities due to:
 - lower paid claims, net of reinsurance;
 - a net increase in liability balances resulting from year-over-year changes made in connection with the AAR.

Key unfavorable impact was lower fee income due to a decline in the net cost of insurance fees driven by the aging in-force business.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 21% in both the current period compared to 20% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impact of the dividends received deduction.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

Adjusted earnings were a loss of \$27 million in the current period, a lower loss of \$122 million.

Key net favorable impacts were:

- lower other expenses due to the settlement of a reinsurance-related matter in the prior period; and
- lower costs associated with insurance-related activities due to:
 - lower liabilities from the impact of new reinsurance agreements entered into in the prior period; and
 - lower paid claims, net of reinsurance;

Key unfavorable impacts were:

- lower fee income due to a decline in the net cost of insurance fees driven by the aging in-force business; and

[Table of Contents](#)

- lower net investment spread due to:
 - lower average invested long-term assets; and
 - lower returns on other limited partnerships.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 23% in the current period compared to 21% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impact of the dividends received deduction.

Corporate & Other

The components of adjusted earnings for Corporate & Other were as follows:

| | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|--|-------------------------------------|---------|------------------------------------|----------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | (In millions) | | | |
| | | | | | |
| | | Three Months Ended March 31, | | Three Months Ended March 31, | |
| | | 2024 | 2024 | 2023 | 2023 |
| | | (In millions) | | (In millions) | |
| Fee income | Fee income | \$ 2 | \$ — | \$ (4) | \$ — |
| Net investment spread | Net investment spread | 57 | 58 | 176 | 117 |
| Insurance-related activities | Insurance-related activities | — | — | — | (1) |
| Amortization of DAC and VOBA | Amortization of DAC and VOBA | — | — | — | — |
| Other expenses | Other expenses | (50) | (72) | (153) | (217) |
| Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends | Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends | 28 | 27 | 81 | 82 |
| Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends | | (19) | (41) | (62) | (183) |
| Pre-tax adjusted earnings (loss), less net income (loss) attributable to noncontrolling interests and preferred stock dividends | | | | | |
| Provision for income tax expense (benefit) | Provision for income tax expense (benefit) | (4) | (4) | (14) | (34) |
| Adjusted earnings | | \$ (15) | \$ (37) | \$ (48) | \$ (149) |
| Adjusted earnings (loss) | | | | | |

Three Months Ended September 30, 2023 March 31, 2024 Compared with the Three Months Ended September 30, 2022 March 31, 2023

Adjusted earnings were a loss of \$15 was \$34 million in the current period, a lower higher loss of \$22 million.

Key favorable impact was lower other expenses due to higher systems conversion costs in the prior period. \$20 million.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in a lower effective tax rate in the current period compared to the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction and tax credits. We believe the effective tax rate for Corporate & Other is not generally meaningful, neither on a standalone basis nor for comparison to prior periods, since taxes for Corporate & Other are derived from the difference between the overall consolidated effective tax rate and total taxes for the combined operating segments.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

Adjusted earnings were a loss of \$48 million in the current period, a lower loss of \$101 million.

Key favorable impacts were:

- lower other expenses due to higher systems conversion costs in the prior period; and
- higher net investment spread due to:
 - higher investment yields and average invested long-term assets from funding agreements issued in connection with our institutional spread margin business; and
 - higher returns from short-term investments.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in a lower effective tax rate in the current period compared to the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction, tax credits and current period non-recurring items. We believe the effective tax rate for Corporate & Other is not generally meaningful, neither on a standalone basis nor for comparison to prior periods, since taxes for Corporate & Other are derived from the difference between the overall consolidated effective tax rate and total taxes for the combined operating segments.

[Table of Contents](#)

Annuity Guaranteed Benefits and Shield Annuity Liabilities for the Three Months Ended March 31, 2024 and Nine Months Ended September 30, 2023 and 2022 2023

The overall impact on income (loss) available to shareholders before provision for income tax from the performance of annuity guaranteed benefits and Shield annuity® Level Annuity ("Shield" and "Shield annuity") liabilities, which includes (i) changes in the fair value of liabilities and reinsurance, (ii) fees net of claims and (iii) the mark-to-market of hedges, was as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|--------|------------------------------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| | (In millions) | | | |
| Market risk benefits mark-to-market | \$ 886 | \$ 786 | \$ 1,755 | \$ 2,092 |
| Annuity guaranteed benefit rider fees, net of claims | 193 | 211 | 453 | 578 |
| Ceded reinsurance | (15) | (13) | (38) | (45) |
| Total changes attributable to annuity guaranteed benefits | 1,064 | 984 | 2,170 | 2,625 |
| Variable annuity hedges | (1,186) | (772) | (894) | (1,277) |
| Shield embedded derivatives | 773 | 549 | (1,993) | 4,002 |
| Total | \$ 651 | \$ 761 | \$ (717) | \$ 5,350 |

Market Risk Benefits Mark-to-Market. Annuity guaranteed rider benefits are accounted for as MRBs. MRBs related to guaranteed rider benefits represent the current estimated fair value of the obligation to protect policyholders against the possibility that a downturn in the markets will reduce the specified benefits that can be claimed under the base annuity contract. Any periods of significant or sustained downturns in equity markets, increased equity volatility, or reduced interest rates could result in an increase in the valuation of these liabilities. An increase in these liabilities would result in a decrease to our net income (loss) available to shareholders, which could be significant.

Annuity Guaranteed Benefit Rider Fees, Net of Claims. We earn fees from the guaranteed rider benefits, which are calculated using the policyholder's minimum return based on their initial deposit (the "Benefit Base"). Fees calculated based on the Benefit Base are more stable in market downturns, compared to fees based on the account value because the Benefit Base excludes the impact of a decline in the market value of the policyholder's account value. We use the fees directly earned from the guarantee riders to fund the reserves, future claims and costs associated with the hedges of market risks inherent in these liabilities. The future fees are included in the estimated fair value of MRB liabilities, with changes recorded in MRBs.

Variable Annuity Hedges and Reinsurance. We enter into freestanding derivatives to hedge certain aspects of the annuity guaranteed benefits accounted for as MRBs and index-linked crediting rates accounted for as embedded derivatives. Generally, the same market factors that impact the estimated fair value of the annuity guaranteed benefits impact the value of the hedges, though in the opposite direction. However, the changes in value of MRBs and related hedges may not be symmetrical and the divergence could be significant due to certain factors, including unhedged risks within MRBs. We may also use reinsurance to manage our exposure related to MRBs.

Shield Embedded Derivatives. Shield Annuities provide the contract holder the ability to participate in the appreciation of certain financial markets up to a stated level, while offering protection from a portion of declines in the applicable indices or benchmark. Shield embedded derivatives represent the estimated fair value of these features. We believe that Shield Annuities provide us with a risk offset to liabilities related to guaranteed rider benefits.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Management Strategies — Variable Annuity Exposure Risk Management" in our 2022 Annual Report for discussion of our management of our hedging strategy associated with our variable annuity business, which remains unchanged following the adoption of LDTI.

| | Three Months Ended March 31, | |
|---|---------------------------------|----------|
| | 2024 | 2023 |
| | (In millions) | |
| Market risk benefits mark-to-market | \$ 1,343 | \$ (304) |
| Annuity guaranteed benefit rider fees, net of claims | 116 | 118 |
| Ceded reinsurance | (19) | (2) |
| Total changes attributable to annuity guaranteed benefits | 1,440 | (188) |
| Variable annuity hedges | 67 | 365 |
| Shield embedded derivatives | (1,817) | (1,073) |
| Total | \$ (310) | \$ (896) |

Three Months Ended September 30, 2023 March 31, 2024 Compared with the Three Months Ended September 30, 2022

Annuity guaranteed benefits and Shield annuity liabilities performance was favorable for the three months ended September 30, 2023, primarily driven by:

- decreases in annuity guaranteed benefits liabilities due to increasing interest rates, partially offset by decreasing equity markets and changes made in connection with the AAR;
- unfavorable changes in variable annuity hedges due to increasing long-term interest rates and decreasing equity markets; and

[Table of Contents](#)

- favorable changes in Shield embedded derivatives due to decreasing equity markets and increasing interest rates.

Annuity guaranteed benefits and Shield annuity liabilities performance was favorable for the three months ended September 30, 2022, primarily driven by:

- decreases in annuity guaranteed benefits liabilities due to increasing interest rates, partially offset by decreasing equity markets and changes made in connection with the AAR;
- unfavorable changes in variable annuity hedges due to increasing long-term interest rates; and
- favorable changes in Shield embedded derivatives due to decreasing equity markets, partially offset by increasing interest rates.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022 March 31, 2023

Annuity guaranteed benefits and Shield annuity liabilities performance was unfavorable for the nine three months ended September 30, 2023 March 31, 2024, primarily driven by:

- decreases in annuity guaranteed benefits liabilities due to increasing interest rates and equity markets, partially offset by changes made in connection with the AAR; markets;
- unfavorable favorable changes in variable annuity hedges due to increasing equity markets, partially offset by increasing long-term interest rates; and
- unfavorable changes in Shield embedded derivatives due to increasing equity markets.

Annuity guaranteed benefits and Shield annuity liabilities performance was favorable unfavorable for the nine three months ended September 30, 2022 March 31, 2023, primarily driven by:

- decreases increases in annuity guaranteed benefits liabilities due to increasing decreasing interest rates, partially offset by decreasing increasing equity markets and changes made in connection with the AAR; markets;
- unfavorable favorable changes in variable annuity hedges due to increasing decreasing long-term interest rates, partially offset by decreasing increasing equity markets; and
- favorable unfavorable changes in Shield embedded derivatives due to decreasing increasing equity markets, partially offset by increasing interest rates. markets.

[Table of Contents](#)

Investments

Investment Risk Management Strategy

We manage the risks related to our investment portfolio through asset-type allocation as well as industry and issuer diversification. We also use risk limits to promote diversification by asset sector, avoid concentrations in any single issuer and limit overall aggregate credit and equity risk exposure. We manage real estate risk through geographic, property type and product type diversification and asset allocation. Interest rate risk is managed as part of our Asset Liability Management ("ALM") strategies. We also utilize product design **such as the use of to manage interest rate risk (e.g., market value adjustment features and surrender charges to manage interest rate risk, charges)**. These ALM strategies include maintaining an investment portfolio that targets a weighted average duration that reflects the duration of our estimated liability cash flow profile. For certain of our liability portfolios, it is not possible to invest assets for the full liability duration, thereby creating some asset/liability mismatch. We also use certain derivatives in the management of credit, interest rate, equity market and foreign currency exchange rate risks.

Investment Management Agreements

Other than our derivatives trading, which we manage in-house, we have engaged a select group of experienced external asset management firms to manage the investment of the assets comprising our general account portfolio and certain separate account assets of our insurance subsidiaries, as well as assets of BHF and our reinsurance subsidiary, BRCD.

Current Environment

Our business and results of operations are materially affected by conditions in capital markets and the economy, generally. As a U.S. insurance company, we are affected by the monetary policy of the Federal Reserve Board (the "Federal Reserve") in the U.S. The Federal Reserve may increase or decrease the federal funds rate in the future, which may have an impact on the pricing levels of risk-bearing investments and may adversely impact the level of product sales. We are also affected by the monetary policy of central banks around the world due to the diversification of our investment portfolio. See "— Industry Trends and Uncertainties — Financial and Economic Environment."

[Table of Contents](#)

In 2023, the Federal Reserve increased the target range for the federal funds rate four times — from between 4.25% and 4.50% to between **4.50% and 4.75% on February 1, 2023**; to between 4.75% and 5.00% on March 22, 2023; to between 5.00% and 5.25% on May 3, 2023; and to between **5.25% and 5.50% on July 26, 2023**. These target range increases have contributed to **a decrease in the net unrealized gains loss position** in our investment portfolio, and any additional target increases could similarly contribute to further **decreases, increases in net unrealized losses**.

In the current period, as a result of **rising recent increases in** interest rates, the unrealized losses on our fixed maturity securities exceeded the unrealized gains. If interest rates **continue to rise further**, our unrealized gains would decrease, and our unrealized losses would increase, perhaps substantially.

See "Risk Factors — Risks Related to Our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations" included in our **2022 2023** Annual Report.

Selected Sector Investments

Recent elevated levels of market volatility have affected the performance of various asset classes. See "Risk Factors — Risks Related to Our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations," and "Risk Factors — Risks Related to Our Investment Portfolio — Ongoing military actions, the continued threat of terrorism, climate change as well as other catastrophic events may adversely affect the value of our investment portfolio and the level of claim losses we incur" included in our **2022 2023** Annual Report.

There has been an increased market focus on commercial real estate, including office properties, as a result of companies shifting to hybrid work arrangements and the resulting impact on the demand for office space.

We have direct commercial real estate exposure through mortgage loans and certain structured **securities. Structured securities, which** include residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS") and asset-backed securities ("ABS") (collectively, "Structured Securities"). In addition, we have direct and indirect exposure through certain financial industry corporate fixed maturity securities. See "Risk Factors — Risks Related to Our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets,

[Table of Contents](#)

including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations" included in our **2022 2023** Annual Report, as well as "— Investments — Mortgage Loans" and Note **6 7** of the Notes to the Interim Condensed Consolidated Financial Statements for information on mortgage loans, including credit quality by portfolio segment and commercial mortgage loans by property type. Additionally, see "— Investments — Fixed Maturity Securities Available-for-sale — Structured Securities" for information on Structured Securities, including security type, risk profile and ratings profile as well as "— Investments — Fixed Maturity Securities Available-for-sale — U.S. and Foreign Corporate Fixed Maturity Securities" for our exposure to the finance industry.

We monitor direct and indirect investment exposure across sectors and asset classes and adjust our level of investment exposure, as appropriate. At this time, we do not expect that our general account investments in these sectors and asset classes will have a material adverse effect on our results of operations or financial condition.

[Table of Contents](#)

Investment Portfolio Results

The following summary yield table presents the yield and adjusted net investment income for our investment portfolio for the periods indicated. As described below, this table reflects certain differences from the presentation of net investment income presented in the GAAP statements of operations. This summary yield table presentation is consistent with how we measure our investment performance for management purposes, and we believe it enhances understanding of our investment portfolio results.

| | | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|------------------------------------|------------------------------------|-------------------------------------|---------|---------|--------|------------------------------------|---------|---------|---------|
| | | 2023 | | 2022 | | 2023 | | 2022 | |
| | | Yield % | Amount | Yield % | Amount | Yield % | Amount | Yield % | Amount |
| | | (Dollars in millions) | | | | | | | |
| | | | | | | | | | |
| | | Three Months Ended March 31, | | | | | | | |
| | | Three Months Ended March 31, | | | | | | | |
| | | Three Months Ended March 31, | | | | | | | |
| | | 2024 | | | | 2024 | | 2023 | |
| | | Yield % | | | | Yield % | | Yield % | |
| | | % | | | | Yield % | | Yield % | |
| | | (Dollars in millions) | | | | Amount | | Amount | |
| | | (Dollars in millions) | | | | | | | |
| Investment income (1) | Investment income (1) | 4.34 % | \$1,264 | 3.35 % | \$ 939 | 4.22 % | \$3,656 | 3.96 % | \$3,243 |
| Investment fees and expenses (2) | Investment fees and expenses (2) | (0.14) | (37) | (0.15) | (39) | (0.14) | (113) | (0.14) | (116) |
| Adjusted net investment income (3) | Adjusted net investment income (3) | 4.20 % | \$1,227 | 3.20 % | \$ 900 | 4.08 % | \$3,543 | 3.82 % | \$3,127 |

- (1) Investment income yields are calculated as investment income as a percentage of average quarterly asset carrying values. Investment income excludes recognized gains and losses and reflects the adjustments discussed in table note (3) below to arrive at adjusted net investment income. Asset carrying values exclude unrealized gains (losses), collateral received in connection with our securities lending program, freestanding derivative assets and collateral received from derivative counterparties.
- (2) Investment fee and expense yields are calculated as a percentage of average quarterly asset estimated fair values. Asset estimated fair values exclude collateral received in connection with our securities lending program, freestanding derivative assets and collateral received from derivative counterparties.
- (3) Adjusted net investment income presented in the yield table varies from the most directly comparable GAAP measure due to certain reclassifications, as presented below.

| | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|--|--|------|---------------------------------------|------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | (In millions) | | | |
| | | Three Months Ended March 31, | | | |
| | | Three Months Ended March 31, | | | |
| | | Three Months Ended March 31, | | | |
| | | 2024 | | | |
| | | (In millions) | | | |
| | | 2024 | | | |
| | | 2023 | | | |
| | | (In millions) | | | |

| | | | | | | |
|---|---|----|-------|-------|---------|---------|
| Net investment income | Net investment income | \$ | 1,202 | \$877 | \$3,457 | \$3,089 |
| Less: Investment hedge adjustments | Less: Investment hedge adjustments | | (25) | (23) | (86) | (38) |
| Adjusted net investment income — in the above yield table | Adjusted net investment income — in the above yield table | \$ | 1,227 | \$900 | \$3,543 | \$3,127 |

See “— Results of Operations — Consolidated Results for the Three Months Ended March 31, 2024 and Nine Months Ended September 30, 2023 and 2022” 2023” for an analysis of the period-over-period changes in net investment income.

[Table of Contents](#)

Fixed Maturity Securities Available-for-sale

Fixed maturity securities held by type (public or private) were as follows at:

| | | September 30, 2023 | | December 31, 2022 | | March 31, 2024 | | December 31, 2023 | |
|--|--|-----------------------|------------|----------------------|------------|-----------------------|------------|----------------------|------------|
| | | Estimated Fair Value | % of Total | Estimated Fair Value | % of Total | Estimated Fair Value | % of Total | Estimated Fair Value | % of Total |
| | | (Dollars in millions) | | | | (Dollars in millions) | | | |
| Publicly-traded | Publicly-traded | \$62,579 | 83.0 % | \$62,199 | 82.3 % | \$66,747 | 82.9 % | \$67,056 | 82.8 % |
| Privately-placed | Privately-placed | 12,854 | 17.0 | 13,378 | 17.7 | | | | |
| Total fixed maturity securities | Total fixed maturity securities | \$75,433 | 100.0 % | \$75,577 | 100.0 % | \$80,474 | 100.0 % | \$80,991 | 100.0 % |
| Percentage of cash and invested assets | Percentage of cash and invested assets | 67.1 % | | 67.1 % | | 67.2 % | | 67.9 % | |

See Note 89 of the Notes to the Interim Condensed Consolidated Financial Statements for further information on our valuation controls and procedures including our formal process to challenge any prices received from independent pricing services that are not considered representative of estimated fair value.

[Table of Contents](#)

See Notes 1 and 67 of the Notes to the Interim Condensed Consolidated Financial Statements for further information about fixed maturity securities by sector, contractual maturities, continuous gross unrealized losses and the allowance for credit losses.

Fixed Maturity Securities Credit Quality — Ratings

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Investments — Fixed Maturity Securities Available-for-sale — Fixed Maturity Securities Credit Quality — Ratings” included in our 2022 2023 Annual Report for a discussion of the credit quality ratings assigned by Nationally Recognized Statistical Rating Organizations (“NRSRO”), credit quality designations assigned by and methodologies used by the Securities Valuation Office of the National Association of Insurance Commissioners (“NAIC”) for fixed maturity securities and the methodologies adopted by the NAIC for certain Structured Securities.

The following table presents total fixed maturity securities by NRSRO rating and the applicable NAIC designation from the NAIC published comparison of NRSRO ratings to NAIC designations, except for certain Structured Securities, which are presented using the NAIC methodologies, as well as the percentage, based on estimated fair value that each NAIC designation is comprised of at:

| September 30, 2023 | December 31, 2022 | March 31, 2024 |
|--------------------|-------------------|----------------|
|--------------------|-------------------|----------------|

| NAIC | Allowance | | | | | | | Allowance | | | | | NAIC | NRSRO | | Amortized | | Allowance | | | | Unrealized | |
|---------------------------------|---------------------------------|--------------------|-----------|------------|-------------|-------------|----------|-----------|------------|-------------|------------|-------|---------------------------------|----------|--------|---------------|---------------------------------|-----------|------------|-------------|------------|------------|----------|
| NAIC | NAIC | NRSRO | Amortized | for Credit | Unrealized | Estimated | % of | Amortized | for Credit | Unrealized | Estimated | % of | | | | | | Amortized | for Credit | Unrealized | | | |
| Designation | Designation | Rating | Cost | Losses | Gain (Loss) | Fair Value | Total | Cost | Losses | Gain (Loss) | Fair Value | Total | Designation | Rating | | Cost | | Losses | | Gain (Loss) | | | |
| | (Dollars in millions) | | | | | | | | | | | | | | | (Dollars in m | | | | | | | |
| 1 | 1 | Aaa/Aa/A | \$56,471 | \$ | 6 | \$ (6,635) | \$49,830 | 66.0 | % | \$53,935 | \$ | 2 | \$ (4,870) | \$49,063 | 64.9 | % | 1 | Aaa/Aa/A | \$57,451 | \$ | 5 | \$ (4,301) | \$ |
| 2 | 2 | Baa | 27,103 | — | (3,973) | 23,130 | 30.7 | 27,269 | — | (3,546) | 23,723 | 31.4 | | | | | | | | | | | |
| Subtotal investment grade | Subtotal investment grade | | 83,574 | 6 | (10,608) | 72,960 | 96.7 | 81,204 | 2 | (8,416) | 72,786 | 96.3 | Subtotal investment grade | | 85,074 | 5 | 5 | (6,859) | (6,859) | 78,210 | | | |
| 3 | 3 | Ba | 1,996 | — | (206) | 1,790 | 2.4 | 2,343 | — | (232) | 2,111 | 2.8 | | | | | | | | | | | |
| 4 | 4 | B | 662 | 4 | (78) | 580 | 0.8 | 677 | 1 | (88) | 588 | 0.8 | | | | | | | | | | | |
| 5 | 5 | Caa and lower | 113 | 8 | (14) | 91 | 0.1 | 120 | 4 | (24) | 92 | 0.1 | | | | | | | | | | | |
| 6 | 6 | In or near default | 28 | 4 | (12) | 12 | — | — | — | — | — | — | | | | | | | | | | | |
| Subtotal below investment grade | Subtotal below investment grade | | 2,799 | 16 | (310) | 2,473 | 3.3 | 3,140 | 5 | (344) | 2,791 | 3.7 | Subtotal below investment grade | | 2,481 | 22 | 22 | (195) | (195) | 2,264 | | | |
| Total fixed maturity securities | Total fixed maturity securities | | \$86,373 | \$ | 22 | \$ (10,918) | \$75,433 | 100.0 | % | \$84,344 | \$ | 7 | \$ (8,760) | \$75,577 | 100.0 | % | Total fixed maturity securities | \$87,555 | \$ | \$27 | \$ (7,054) | \$ | \$80,474 |

Table of Contents

The following tables present total fixed maturity securities, based on estimated fair value, by sector classification and by NRSRO rating and the applicable NAIC designations from the NAIC published comparison of NRSRO ratings to NAIC designations, except for certain Structured Securities, which are presented using the NAIC methodologies as described above:

| Fixed Maturity Securities — by Sector & Credit Quality Rating | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|----------------------------|----------------------------|----------|---------|-------|-------|---------|----------------------------|----------------------------|---|----------|---------|-------|-------|-------|----------|----------------------------|----------|----------|---------|-------|-------|-------|----------|----------------------------|----------|----------|---------|-------|-------|-------|----------|----------------------------|----------|----------|---------|-------|-------|-------|----------|
| Fixed Maturity Securities — by Sector & Credit Quality | | | | | | | | | | Fixed Maturity Securities — by Sector & Credit Quality Rating | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rating | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NAIC | NAIC | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Designation | Designation | 1 | 2 | 3 | 4 | 5 | 6 | NAIC Designation | 1 | 2 | 3 | 4 | 5 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Caa and In or Near Default | | | | | | Total Estimated Fair Value | | | | | | | | | Total Estimated Fair Value | | | | | | | | | | | | | | | | | | | | | | | |
| NRSRO | NRSRO | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rating | Rating | Aaa/Aa/A | Baa | Ba | B | Lower | Default | Fair Value | | | | | | | | | Fair Value | | | | | | | | | | | | | | | | | | | | | | | |
| (In millions) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| September 30, 2023 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | (In millions) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | (In millions) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | (In millions) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| March 31, 2024 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| U.S. corporate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| U.S. corporate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| U.S. corporate | U.S. corporate | \$15,287 | \$15,691 | \$1,353 | \$507 | \$ 60 | \$ 12 | \$32,910 | U.S. corporate | \$15,287 | \$15,691 | \$1,353 | \$507 | \$ 60 | \$ 12 | \$32,910 | U.S. corporate | \$15,287 | \$15,691 | \$1,353 | \$507 | \$ 60 | \$ 12 | \$32,910 | U.S. corporate | \$15,287 | \$15,691 | \$1,353 | \$507 | \$ 60 | \$ 12 | \$32,910 | U.S. corporate | \$15,287 | \$15,691 | \$1,353 | \$507 | \$ 60 | \$ 12 | \$32,910 |
| Foreign corporate | Foreign corporate | 4,340 | 5,909 | 370 | 59 | — | — | 10,678 | Foreign corporate | 4,340 | 5,909 | 370 | 59 | — | — | 10,678 | Foreign corporate | 4,340 | 5,909 | 370 | 59 | — | — | 10,678 | Foreign corporate | 4,340 | 5,909 | 370 | 59 | — | — | 10,678 | Foreign corporate | 4,340 | 5,909 | 370 | 59 | — | — | 10,678 |
| U.S. government and agency | U.S. government and agency | 7,693 | 109 | — | — | — | — | 7,802 | U.S. government and agency | 7,693 | 109 | — | — | — | — | 7,802 | U.S. government and agency | 7,693 | 109 | — | — | — | — | 7,802 | U.S. government and agency | 7,693 | 109 | — | — | — | — | 7,802 | U.S. government and agency | 7,693 | 109 | — | — | — | — | 7,802 |
| RMBS | RMBS | 7,019 | 22 | 1 | — | 9 | — | 7,051 | RMBS | 7,019 | 22 | 1 | — | 9 | — | 7,051 | RMBS | 7,019 | 22 | 1 | — | 9 | — | 7,051 | RMBS | 7,019 | 22 | 1 | — | 9 | — | 7,051 | RMBS | 7,019 | 22 | 1 | — | 9 | — | 7,051 |
| CMBS | CMBS | 5,929 | 354 | 21 | 2 | 2 | — | 6,308 | CMBS | 5,929 | 354 | 21 | 2 | 2 | — | 6,308 | CMBS | 5,929 | 354 | 21 | 2 | 2 | — | 6,308 | CMBS | 5,929 | 354 | 21 | 2 | 2 | — | 6,308 | CMBS | 5,929 | 354 | 21 | 2 | 2 | — | 6,308 |
| ABS | ABS | 5,456 | 619 | 17 | 12 | 10 | — | 6,114 | ABS | 5,456 | 619 | 17 | 12 | 10 | — | 6,114 | ABS | 5,456 | 619 | 17 | 12 | 10 | — | 6,114 | ABS | 5,456 | 619 | 17 | 12 | 10 | — | 6,114 | ABS | 5,456 | 619 | 17 | 12 | 10 | — | 6,114 |

| | | | | | | | | |
|---------------------------------|---------------------------------|----------|----------|---------|-------|-------|-------|----------|
| State and political subdivision | State and political subdivision | 3,521 | 72 | 1 | — | 10 | — | 3,604 |
| Foreign government | Foreign government | 585 | 354 | 27 | — | — | — | 966 |
| Total fixed maturity securities | Total fixed maturity securities | \$49,830 | \$23,130 | \$1,790 | \$580 | \$ 91 | \$ 12 | \$75,433 |
| December 31, 2022 | | | | | | | | |
| December 31, 2023 | | | | | | | | |
| U.S. corporate | | | | | | | | |
| U.S. corporate | | | | | | | | |
| U.S. corporate | U.S. corporate | \$14,697 | \$15,683 | \$1,671 | \$499 | \$ 57 | \$ — | \$32,607 |
| Foreign corporate | Foreign corporate | 3,758 | 6,377 | 373 | 68 | — | — | 10,576 |
| U.S. government and agency | U.S. government and agency | 7,887 | 129 | — | — | — | — | 8,016 |
| RMBS | RMBS | 7,490 | 14 | 12 | 2 | 10 | — | 7,528 |
| CMBS | CMBS | 6,240 | 351 | 9 | 7 | 4 | — | 6,611 |
| ABS | ABS | 4,648 | 672 | 17 | 12 | 10 | — | 5,359 |
| State and political subdivision | State and political subdivision | 3,682 | 105 | 1 | — | 11 | — | 3,799 |
| Foreign government | Foreign government | 661 | 392 | 28 | — | — | — | 1,081 |
| Total fixed maturity securities | Total fixed maturity securities | \$49,063 | \$23,723 | \$2,111 | \$588 | \$ 92 | \$ — | \$75,577 |

U.S. and Foreign Corporate Fixed Maturity Securities

We maintain a diversified portfolio of corporate fixed maturity securities across industries and issuers. Our portfolio does not have any exposure to any single issuer in excess of 1% of total investments and the top ten holdings in aggregate comprise 1% of total investments at both **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**. Our U.S. and foreign corporate fixed maturity securities holdings by industry were as follows at:

| | | September 30, 2023 | | | | December 31, 2022 | | | | | | | |
|-----------------------|----------------|--------------------|--------|---------|------------|-----------------------|------------|------------|--------|-------------------|----|--------|--------|
| | | Estimated | | % of | Estimated | | % of | | | | | | |
| | | Fair Value | | | Fair Value | | | | | | | | |
| | | | | Total | | Total | | | | | | | |
| (Dollars in millions) | | | | | | | | | | | | | |
| | | March 31, 2024 | | | | March 31, 2024 | | | | December 31, 2023 | | | |
| | | Estimated | | % of | Estimated | | % of | Estimated | | % of | | | |
| | | Fair Value | | | Fair Value | | | Fair Value | | | | | |
| (Dollars in millions) | | | | | | (Dollars in millions) | | | | | | | |
| Industrial | Industrial | \$ | 13,485 | 30.9 % | \$ 13,290 | 30.7 % | Industrial | \$ | 14,719 | 30.9 % | \$ | 14,751 | 31.1 % |
| Finance | Finance | | 12,033 | 27.7 | | 11,988 | 27.8 | | | | | | |
| Consumer | Consumer | | 9,735 | 22.3 | | 9,459 | 21.9 | | | | | | |
| Utility | Utility | | 5,773 | 13.2 | | 5,767 | 13.4 | | | | | | |
| Communications | Communications | | 2,562 | 5.9 | | 2,679 | 6.2 | | | | | | |
| Total | Total | \$ | 43,588 | 100.0 % | \$ 43,183 | 100.0 % | | | | | | | |
| Total | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | |

Structured Securities

We held \$19.5 billion \$20.4 billion and \$20.2 billion of Structured Securities, at estimated fair value, at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, as presented in the RMBS, CMBS and ABS sections below.

Table of Contents

RMBS

Our RMBS holdings are diversified by security type, risk profile and ratings profile, which were as follows at:

| | | September 30, 2023 | | | | | | December 31, 2022 | | | March 31, 2024 | | | December 31, 2023 | | | |
|-------------------------------------|-------------------------------------|-----------------------|---------|----------------|------------|---------|----------------|-------------------|-------|----------------|----------------|-----------------------|----------------|-------------------|-------|-------------------------------|--|
| | | Estimated | % of | Net Unrealized | Estimated | % of | Net Unrealized | Estimated | % of | Net Unrealized | Estimated | % of | | Estimated | % of | | |
| | | Fair Value | Total | Gains (Losses) | Fair Value | Total | Gains (Losses) | Fair Value | Total | Gains (Losses) | Fair Value | Total | Gains (Losses) | Fair Value | Total | Net Unrealized Gains (Losses) | |
| | | | | | | | | | | | | | | | | | |
| | | (Dollars in millions) | | | | | | | | | | (Dollars in millions) | | | | | |
| Security type: | Security type: | | | | | | | | | | | | | | | | |
| Pass-through securities | Pass-through securities | \$ 3,721 | 52.8 % | \$ (752) | \$ 3,846 | 51.1 % | \$ (590) | | | | | | | | | | |
| Pass-through securities | | | | | | | | | | | | | | | | | |
| Pass-through securities | | | | | | | | | | | | | | | | | |
| Collateralized mortgage obligations | Collateralized mortgage obligations | 3,330 | 47.2 | (426) | 3,682 | 48.9 | (311) | | | | | | | | | | |
| Total RMBS | Total RMBS | \$ 7,051 | 100.0 % | \$ (1,178) | \$ 7,528 | 100.0 % | \$ (901) | | | | | | | | | | |
| Risk profile: | Risk profile: | | | | | | | | | | | | | | | | |
| Agency | | | | | | | | | | | | | | | | | |
| Agency | | | | | | | | | | | | | | | | | |
| Agency | Agency | \$ 5,782 | 82.0 % | \$ (1,110) | \$ 6,137 | 81.5 % | \$ (842) | | | | | | | | | | |
| Prime | Prime | 137 | 2.0 | (20) | 149 | 2.0 | (20) | | | | | | | | | | |
| Alt-A | Alt-A | 752 | 10.6 | (39) | 788 | 10.5 | (37) | | | | | | | | | | |
| Sub-prime | Sub-prime | 380 | 5.4 | (9) | 454 | 6.0 | (2) | | | | | | | | | | |
| Total RMBS | Total RMBS | \$ 7,051 | 100.0 % | \$ (1,178) | \$ 7,528 | 100.0 % | \$ (901) | | | | | | | | | | |
| Ratings profile: | Ratings profile: | | | | | | | | | | | | | | | | |
| Rated Aaa (1) | Rated Aaa (1) | \$ 547 | 7.8 % | | \$ 6,643 | 88.2 % | | | | | | | | | | | |
| Rated Aaa (1) | | | | | | | | | | | | | | | | | |
| Rated Aaa (1) | | | | | | | | | | | | | | | | | |
| Designated NAIC 1 | Designated NAIC 1 | \$ 7,019 | 99.5 % | | \$ 7,490 | 99.5 % | | | | | | | | | | | |
| Designated NAIC 1 | | | | | | | | | | | | | | | | | |
| Designated NAIC 1 | | | | | | | | | | | | | | | | | |

- (1) In During the current period, year ended December 31, 2023, Fitch Ratings downgraded the U.S. credit rating from Aaa to Aa1, which resulted in a decrease in Aaa assets in our RMBS holdings.

Historically, our exposure to sub-prime RMBS holdings has been managed by focusing primarily on senior tranche securities, stress-testing the portfolio with severe loss assumptions and closely monitoring the performance of the portfolio. Our sub-prime RMBS portfolio consists predominantly of securities that were purchased after 2012 at significant discounts to par value and discounts to the expected principal recovery value of these securities. The vast majority of these securities are investment grade under the NAIC designations (e.g., NAIC 1 and NAIC 2).

CMBS

Our CMBS holdings are diversified by vintage year, which were as follows at:

| | |
|--------------------|-------------------|
| September 30, 2023 | December 31, 2022 |
|--------------------|-------------------|

| | | Estimated | | Amortized Estimated | | | |
|-------------|----------------|----------------|----------------|---------------------|----------------------|-------------------|----------------------|
| | | Amortized Cost | Fair Value | Cost | Fair Value | | |
| | | (In millions) | | | | | |
| 2003 - 2011 | \$ | 89 | \$ 76 | \$ 90 | \$ 82 | | |
| | March 31, 2024 | | March 31, 2024 | | | December 31, 2023 | |
| | Amortized | | Amortized Cost | | Estimated Fair Value | | |
| | Cost | | | | Amortized Cost | | Estimated Fair Value |
| | | (In millions) | | (In millions) | | | |
| 2005 - 2011 | | | | | | | |
| 2012 | 2012 | 9 | 7 | 41 | 38 | | |
| 2013 | 2013 | 76 | 69 | 204 | 197 | | |
| 2014 | 2014 | 294 | 262 | 322 | 294 | | |
| 2015 | 2015 | 950 | 859 | 966 | 879 | | |
| 2016 | 2016 | 461 | 416 | 463 | 421 | | |
| 2017 | 2017 | 718 | 638 | 732 | 667 | | |
| 2018 | 2018 | 1,633 | 1,464 | 1,668 | 1,538 | | |
| 2019 | 2019 | 998 | 836 | 1,021 | 879 | | |
| 2020 | 2020 | 541 | 425 | 534 | 426 | | |
| 2021 | 2021 | 846 | 783 | 821 | 748 | | |
| 2022 | 2022 | 470 | 448 | 462 | 442 | | |
| 2023 | 2023 | 27 | 25 | — | — | | |
| 2024 | | | | | | | |
| Total | Total | \$ 7,112 | \$ 6,308 | \$ 7,324 | \$ 6,611 | | |

[Table of Contents](#)

The estimated fair value of CMBS rated Aaa using rating agency ratings was \$4.3 billion \$4.4 billion, or 68.0% 68.5% of total CMBS, and designated NAIC 1 was \$5.9 billion \$6.1 billion, or 94.0% 94.1% of total CMBS, at September 30, 2023 March 31, 2024. The estimated fair value of CMBS Aaa rating agency ratings was \$4.6 billion \$4.4 billion, or 70.0% 68.5% of total CMBS, and designated NAIC 1 was \$6.2 billion \$6.0 billion, or 94.4% 94.2% of total CMBS, at December 31, 2022 December 31, 2023.

ABS

| Our ABS holdings are diversified by both collateral type and issuer. Our ABS holdings by collateral type and ratings profile were as follows at: | | | | | | | | | | | | | |
|--|----------------------------|-----------------------|--------|----------------|-------------------|--------|----------------|-----------------------|-------|----------------|-------------------|-------|----------------|
| | | September 30, 2023 | | | December 31, 2022 | | | March 31, 2024 | | | December 31, 2023 | | |
| | | Estimated | % of | Net Unrealized | Estimated | % of | Net Unrealized | Estimated | % of | Net Unrealized | Estimated | % of | Net Unrealized |
| | | Fair Value | Total | Gains (Losses) | Fair Value | Total | Gains (Losses) | Fair Value | Total | Gains (Losses) | Fair Value | Total | Gains (Losses) |
| | | (Dollars in millions) | | | | | | (Dollars in millions) | | | | | |
| Collateral type: | Collateral type: | | | | | | | | | | | | |
| Collateralized obligations | Collateralized obligations | \$ 3,653 | 59.7 % | \$ (34) | \$ 3,239 | 60.5 % | \$ (124) | | | | | | |
| Collateralized obligations | | | | | | | | | | | | | |
| Collateralized obligations | | | | | | | | | | | | | |
| Automobile loans | | | | | | | | | | | | | |
| Student loans | | | | | | | | | | | | | |
| Consumer loans | Consumer loans | 349 | 5.7 | (27) | 420 | 7.8 | (36) | | | | | | |
| Student loans | | 386 | 6.3 | (27) | 393 | 7.3 | (34) | | | | | | |
| Automobile loans | | 444 | 7.3 | (8) | 216 | 4.0 | (9) | | | | | | |

| | | | | | | | | | |
|-------------------|-------------|----------|---------|----------|----------|---------|----------|--|--|
| Credit card | Credit card | | | | | | | | |
| loans | loans | 257 | 4.2 | (11) | 158 | 3.0 | (10) | | |
| Other loans | Other loans | 1,025 | 16.8 | (73) | 933 | 17.4 | (80) | | |
| Total | Total | \$ 6,114 | 100.0 % | \$ (180) | \$ 5,359 | 100.0 % | \$ (293) | | |
| Ratings | Ratings | | | | | | | | |
| profile: | profile: | | | | | | | | |
| Rated Aaa | Rated Aaa | \$ 3,272 | 53.5 % | | \$ 2,300 | 42.9 % | | | |
| Rated Aaa | | | | | | | | | |
| Rated Aaa | | | | | | | | | |
| Designated | Designated | | | | | | | | |
| NAIC 1 | NAIC 1 | \$ 5,456 | 89.2 % | | \$ 4,648 | 86.7 % | | | |
| Designated NAIC 1 | | | | | | | | | |
| Designated NAIC 1 | | | | | | | | | |

Allowance for Credit Losses for Fixed Maturity Securities

See Note 67 of the Notes to the Interim Condensed Consolidated Financial Statements for information about the evaluation of fixed maturity securities for an allowance for credit losses or write-offs due to uncollectibility.

Securities Lending

We participate in a securities lending program whereby securities are loaned to third parties, primarily brokerage firms and commercial banks. We obtain collateral, usually cash, in an amount generally equal to 102% of the estimated fair value of the securities loaned, which is obtained at the inception of a loan and maintained at a level greater than or equal to 100% for the duration of the loan. The estimated fair value of the securities loaned is monitored on a daily basis with additional collateral obtained as necessary throughout the duration of the loan. Securities loaned under such transactions may be sold or re-pledged by the transferee. We are liable to return to our counterparties the cash collateral under our control. Security collateral received from counterparties may not be sold or re-pledged, unless the counterparty is in default, and is not reflected in the financial statements. These transactions are treated as financing arrangements and the associated cash collateral liability is recorded at the amount of the cash received.

See “— Liquidity and Capital Resources — The Company — Primary Uses of Liquidity and Capital — Securities Lending” and Note 67 of the Notes to the Interim Condensed Consolidated Financial Statements for information regarding our securities lending program.

[Table of Contents](#)

Mortgage Loans

Our mortgage loans are principally collateralized by commercial, agricultural and residential properties. Information regarding mortgage loans by portfolio segment is summarized as follows at:

| | | September 30, 2023 | | | | | | December 31, 2022 | | | | | | March 31, 2024 | | | | | | December 31, 2023 | | | | | | | | | | |
|-----------------------|--------------|--------------------|-------|--------|------------|-------|--------|-------------------|------------|--------|-----------|-----------------------|------------|----------------|-----------|--------|------------|-------|--------|-------------------|------------|--------|-----------|-----------|------------|-------|---|--------|-----|---|
| | | Amortized | | | Allowance | | | % of | | | Amortized | | | Allowance | | | % of | | | Amortized | | | Allowance | | | % of | | | | |
| | | Cost | | % of | for Credit | Cost | | % of | for Credit | Cost | | % of | for Credit | Cost | | % of | for Credit | Cost | | % of | for Credit | Cost | | % of | for Credit | | | | | |
| | | Cost | Total | Losses | Cost | Total | Losses | Cost | Total | Losses | Cost | Total | Losses | Cost | Total | Losses | Cost | Total | Losses | Cost | Total | Losses | Cost | Total | Losses | | | | | |
| | | Cost | Total | Losses | Cost | Total | Losses | Cost | Total | Losses | Cost | Total | Losses | Cost | Total | Losses | Cost | Total | Losses | Cost | Total | Losses | Cost | Total | Losses | | | | | |
| (Dollars in millions) | | | | | | | | | | | | (Dollars in millions) | | | | | | | | | | | | | | | | | | |
| Commercial | Commercial | \$ 13,307 | 58.3 | % | \$ 67 | 0.5 | % | \$ 13,574 | 58.9 | % | \$ 49 | 0.4 | % | Commercial | \$ 13,208 | 57.9 | 57.9 | % | \$ 78 | 0.6 | % | 0.6 | % | \$ 13,208 | 57.9 | 57.9 | % | \$ 78 | 0.6 | % |
| Agricultural | Agricultural | 4,461 | 19.6 | | 15 | 0.3 | % | 4,365 | 18.9 | | 15 | 0.3 | % | Agricultural | 4,539 | 19.9 | 19.9 | % | 19 | 0.4 | | 0.4 | % | 4,539 | 19.9 | 19.9 | % | 19 | 0.4 | |
| Residential | Residential | 5,051 | 22.1 | | 55 | 1.1 | % | 5,116 | 22.2 | | 55 | 1.1 | % | Residential | 5,065 | 22.2 | 22.2 | % | 45 | 0.9 | | 0.9 | % | 5,065 | 22.2 | 22.2 | % | 45 | 0.9 | |
| Total | Total | \$ 22,819 | 100.0 | % | \$ 137 | 0.6 | % | \$ 23,055 | 100.0 | % | \$ 119 | 0.5 | % | Total | \$ 22,812 | 100.0 | 100.0 | % | \$ 142 | 0.6 | % | 0.6 | % | \$ 22,812 | 100.0 | 100.0 | % | \$ 142 | 0.6 | % |

Our mortgage loan portfolio is diversified by both geographic region and property type to reduce the risk of concentration. The percentage of our commercial and agricultural mortgage loan portfolios collateralized by properties located in the U.S. were 98% at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. The remainder was collateralized by properties located outside of the U.S. At September 30, 2023 March 31, 2024, the carrying value as a percentage of total commercial and agricultural mortgage loans for the top three states in the U.S. was 18% 17% for California, 10% 11% for Texas and 8% for New York. Additionally, we manage risk when originating commercial and agricultural mortgage loans by generally lending up to 75% of the estimated fair value of the underlying real estate collateral.

Our residential mortgage loan portfolio is managed in a similar manner to reduce risk of concentration. All residential mortgage loans were collateralized by properties located in the U.S. at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. At September 30, 2023 March 31, 2024, the carrying value as a percentage of total residential mortgage loans for the top three states in the U.S. was 39% for California, 11% for Florida and 7% for New York.

[Table of Contents](#)

Commercial Mortgage Loans by Geographic Region and Property Type. Commercial mortgage loans are the largest component of the mortgage loan invested asset class. The diversification across geographic regions and property types of commercial mortgage loans was as follows at:

| | September 30, 2023 | | December 31, 2022 | |
|--|--------------------|------------|-------------------|------------|
| | Amount | % of Total | Amount | % of Total |
| (Dollars in millions) | | | | |
| Geographic region: | | | | |
| South Atlantic | \$ 2,783 | 20.9 % | \$ 3,026 | 22.3 % |
| Pacific | 2,649 | 19.9 | 2,765 | 20.4 |
| Middle Atlantic | 2,155 | 16.2 | 2,344 | 17.3 |
| West South Central | 1,516 | 11.4 | 1,642 | 12.1 |
| Mountain | 1,143 | 8.6 | 1,140 | 8.4 |
| New England | 753 | 5.7 | 741 | 5.4 |
| East North Central | 736 | 5.5 | 794 | 5.8 |
| International | 405 | 3.0 | 390 | 2.9 |
| West North Central | 359 | 2.7 | 361 | 2.7 |
| East South Central | 306 | 2.3 | 306 | 2.2 |
| Multi-region and Other (1) | 502 | 3.8 | 65 | 0.5 |
| Total recorded investment | 13,307 | 100.0 % | 13,574 | 100.0 % |
| Less: allowance for credit losses | 67 | | 49 | |
| Carrying value, net of allowance for credit losses | \$ 13,240 | | \$ 13,525 | |
| Property type: | | | | |
| Apartment | \$ 5,395 | 40.5 % | \$ 5,366 | 39.5 % |
| Office | 3,214 | 24.2 | 3,375 | 24.9 |
| Industrial | 2,073 | 15.6 | 2,051 | 15.1 |
| Retail | 1,793 | 13.5 | 1,934 | 14.3 |
| Hotel | 832 | 6.2 | 848 | 6.2 |
| Total recorded investment | 13,307 | 100.0 % | 13,574 | 100.0 % |
| Less: allowance for credit losses | 67 | | 49 | |
| Carrying value, net of allowance for credit losses | \$ 13,240 | | \$ 13,525 | |

(1) In the current quarter, certain commercial mortgage loans have been reclassified into the Multi-region and Other geographic region.

| | March 31, 2024 | | December 31, 2023 | |
|-----------------------------------|----------------|------------|-------------------|------------|
| | Amount | % of Total | Amount | % of Total |
| (Dollars in millions) | | | | |
| Geographic region: | | | | |
| South Atlantic | \$ 2,767 | 21.0 % | \$ 2,747 | 20.8 % |
| Pacific | 2,547 | 19.3 | 2,562 | 19.4 |
| Middle Atlantic | 2,150 | 16.3 | 2,153 | 16.3 |
| West South Central | 1,512 | 11.4 | 1,513 | 11.5 |
| Mountain | 1,181 | 8.9 | 1,182 | 9.0 |
| East North Central | 737 | 5.6 | 737 | 5.6 |
| New England | 728 | 5.5 | 735 | 5.6 |
| International | 399 | 3.0 | 409 | 3.1 |
| East South Central | 343 | 2.6 | 306 | 2.3 |
| West North Central | 342 | 2.6 | 347 | 2.6 |
| Multi-region and Other | 502 | 3.8 | 502 | 3.8 |
| Total recorded investment | 13,208 | 100.0 % | 13,193 | 100.0 % |
| Less: allowance for credit losses | 78 | | 69 | |

| | | | | | |
|--|----|--------|---------|----|----------------|
| Carrying value, net of allowance for credit losses | \$ | 13,130 | | \$ | 13,124 |
| Property type: | | | | | |
| Apartment | \$ | 5,320 | 40.3 % | \$ | 5,371 40.8 % |
| Office | | 3,144 | 23.8 | | 3,185 24.1 |
| Industrial | | 2,122 | 16.1 | | 2,092 15.9 |
| Retail | | 1,797 | 13.6 | | 1,747 13.2 |
| Hotel | | 825 | 6.2 | | 798 6.0 |
| Total recorded investment | | 13,208 | 100.0 % | | 13,193 100.0 % |
| Less: allowance for credit losses | | 78 | | | 69 |
| Carrying value, net of allowance for credit losses | \$ | 13,130 | | \$ | 13,124 |

Mortgage Loan Credit Quality — Monitoring Process. Our mortgage loan investments are monitored on an ongoing basis, including a review of loans that are current, past due, restructured and under foreclosure. Quarterly, we conduct a formal review of the portfolio with our investment managers. See Note 67 of the Notes to the Interim Condensed Consolidated Financial Statements for information on mortgage loans by credit quality indicator, past due status, nonaccrual status and modified mortgage loans.

Our commercial mortgage loans are reviewed on an ongoing basis. These reviews may include an analysis of the property financial statements and rent roll, lease rollover analysis, property inspections, market analysis, estimated valuations of the underlying collateral, loan-to-value ratios, debt-service coverage ratios and tenant creditworthiness. The monitoring process focuses on higher risk loans, which include those that are classified as restructured, delinquent or in foreclosure, as well as loans with higher loan-to-value ratios and lower debt-service coverage ratios. The monitoring process for agricultural mortgage loans is generally similar, with a focus on higher risk loans, such as loans with higher loan-to-value ratios, including reviews on a geographic and sector basis. Our residential mortgage loans are reviewed on an ongoing basis. See Note 67 of the Notes to the Interim Condensed Consolidated Financial Statements for information on our evaluation of residential mortgage loans and related measurement of allowance for credit losses.

Table of Contents

Loan-to-value ratios and debt-service coverage ratios are common measures in the assessment of the quality of commercial mortgage loans. Loan-to-value ratios are a common measure in the assessment of the quality of agricultural mortgage loans. Loan-to-value ratios compare the amount of the loan to the estimated fair value of the underlying collateral. A loan-to-value ratio greater than 100% indicates that the loan amount is greater than the collateral value. A loan-to-value ratio of less than 100% indicates an excess of collateral value over the loan amount. Generally, the higher the loan-to-value ratio, the higher the risk of experiencing a credit loss. The debt-service coverage ratio compares a property's net operating income to amounts needed to service the principal and interest due under the loan. Generally, the lower the debt-service coverage ratio, the higher the risk of experiencing a credit loss. For our commercial mortgage loans, our average loan-to-value ratio was 61% 65% at both March 31, 2024 and 57% at September 30, 2023 and December 31, 2022 December 31, 2023, respectively and our average debt-service coverage ratio was 2.3x at both March 31, 2024 and 2.2x at September 30, 2023 and December 31, 2022, respectively, December 31, 2023. The debt-service coverage ratio, as well as the values utilized in calculating the ratio, is updated annually on a rolling basis, with a portion of the portfolio updated each quarter. In addition, the loan-to-value ratio is routinely updated for all but the lowest risk loans as part of our ongoing review of our commercial mortgage loan portfolio. For our agricultural mortgage loans, our average loan-to-value ratio was 48% 47% at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. The values utilized in calculating the agricultural mortgage loan loan-to-value ratio are developed in connection with the ongoing review of the agricultural loan portfolio and are routinely updated.

Mortgage Loan Allowance for Credit Losses. See Note 67 of the Notes to the Interim Condensed Consolidated Financial Statements for information about how the allowance for credit losses is established and monitored, as well as activity in and balances of the allowance for credit losses for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023.

Limited Partnerships and Limited Liability Companies

The carrying values of our limited partnerships and LLCs limited liability companies ("LLC") were as follows at:

| | | September 30, 2023 | December 31, 2022 |
|---|---|-----------------------|----------------------|
| | | (In millions) | |
| | | March 31, 2024 | March 31, 2024 |
| | | (In millions) | |
| | | December 31, 2023 | |
| | | (In millions) | |
| Other limited partnerships | Other limited partnerships | \$ 4,132 | \$ 3,941 |
| Real estate limited partnerships and LLCs | Real estate limited partnerships and LLCs | 799 | 834 |
| (1) | (1) | | |

| | | | | | |
|-------|-------|----|-------|----|-------|
| Total | Total | \$ | 4,931 | \$ | 4,775 |
|-------|-------|----|-------|----|-------|

(1) The estimated fair value of real estate limited partnerships and LLCs was \$933 million \$887 million and \$987 million \$927 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Cash distributions on these investments are generated from investment gains, operating income from the underlying investments of the funds and liquidation of the underlying investments of the funds. We estimate that the underlying investment of the private equity funds will typically be liquidated over the next 10 to 20 years.

Other Invested Assets

The carrying value of our other invested assets by type was as follows at:

| | | September 30, 2023 | | | | December 31, 2022 | | | | | | | | |
|--|--|-----------------------|------------|----------------|------------|--------------------|------------|--|------------|-----------------------|---------|----|-------|---------|
| | | September 30, 2023 | | 2022 | | September 30, 2023 | | 2022 | | | | | | |
| | | Carrying Value | % of Total | Carrying Value | % of Total | Carrying Value | % of Total | Carrying Value | % of Total | | | | | |
| | | (Dollars in millions) | | | | | | | | | | | | |
| | | March 31, 2024 | | | | March 31, 2024 | | | | December 31, 2023 | | | | |
| | | Carrying Value | | | | Carrying Value | | | | Carrying Value | | | | |
| | | Value | | | | Value | | | | Value | | | | |
| | | (Dollars in millions) | | | | | | | | (Dollars in millions) | | | | |
| Freestanding derivatives with positive estimated fair values | Freestanding derivatives with positive estimated fair values | \$ | 2,516 | 78.4 % | \$ | 2,284 | 80.1 % | Freestanding derivatives with positive estimated fair values | \$ | 3,845 | 81.0 % | \$ | 3,714 | 84.2 % |
| Company-owned life insurance | Company-owned life insurance | | 336 | 10.5 | | 250 | 8.8 | | | | | | | |
| Federal Home Loan Bank stock | Federal Home Loan Bank stock | | 247 | 7.7 | | 201 | 7.0 | | | | | | | |
| Tax credit and renewable energy partnerships | Tax credit and renewable energy partnerships | | 52 | 1.6 | | 55 | 1.9 | | | | | | | |
| Leveraged leases, net of non-recourse debt | Leveraged leases, net of non-recourse debt | | 48 | 1.5 | | 48 | 1.7 | | | | | | | |
| Other | Other | | 11 | 0.3 | | 14 | 0.5 | | | | | | | |
| Total | Total | \$ | 3,210 | 100.0 % | \$ | 2,852 | 100.0 % | Total | \$ | 4,746 | 100.0 % | \$ | 4,409 | 100.0 % |

Table of Contents

Derivatives

Derivative Risks

We are exposed to various risks relating to our ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity market risks. We use a variety of strategies to manage these risks, including the use of derivatives. See Note 7.8 of the Notes to the Interim Condensed Consolidated Financial Statements for:

- information about the gross notional amount, estimated fair value, and primary underlying risk exposure of our derivatives by type of hedge designation, excluding embedded derivatives held at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023; and
- the effects of derivatives in cash flow, fair value, or non-qualifying hedge relationships on the statements of operations for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023.

See "Business — Segments and Corporate & Other — Annuities," "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Management Strategies" included in our 2022 2023 Annual Report for more information about our use of derivatives by major hedging programs. In addition, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Annual Actuarial Review" and "Risk Factors — Risks Related to our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation

risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations" included in our 2022 2023 Annual Report.

Fair Value Hierarchy

See Note 8 9 of the Notes to the Interim Condensed Consolidated Financial Statements for derivatives measured at estimated fair value on a recurring basis and their corresponding fair value hierarchy, as well as a rollforward of the fair value measurements for derivatives measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs as discussed below.

The valuation of Level 3 derivatives involves the use of significant unobservable inputs and generally requires a higher degree of management judgment or estimation than the valuations of Level 1 and Level 2 derivatives. Although Level 3 inputs are unobservable, management believes they are consistent with what other market participants would use when pricing such instruments and are considered appropriate given the circumstances. The use of different inputs or methodologies could have a material effect on the estimated fair value of Level 3 derivatives and could materially affect net income.

Derivatives categorized as Level 3 at September 30, 2023 March 31, 2024 include: credit default swaps priced using unobservable credit spreads, or that are priced through independent broker quotations; equity hybrid options with unobservable volatility inputs; and foreign currency swaps with certain unobservable inputs.

Credit Risk

See Note 7 8 of the Notes to the Interim Condensed Consolidated Financial Statements for information about how we manage credit risk related to derivatives and for the estimated fair value of our net derivative assets and net derivative liabilities after the application of master netting agreements and collateral. See "Risk Factors — Risks Related to our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations" included in our 2022 2023 Annual Report.

Our policy is not to offset the fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement. This policy applies to the recognition of derivatives on the balance sheet and does not affect our legal right of offset.

Table of Contents

Credit Derivatives

The gross notional amount and estimated fair value of credit default swaps were as follows at:

The gross notional amount and estimated fair value of credit default swaps were as follows at:

| | March 31, 2024 | | March 31, 2024 | | December 31, 2023 | |
|-----------|--------------------|------------|-------------------|------------|-------------------|------------|
| | Gross | | | | | |
| | Notional | | Gross Notional | Estimated | Gross Notional | Estimated |
| | Amount | | Amount | Fair Value | Amount | Fair Value |
| | (In millions) | | (In millions) | | | |
| Written | | | | | | |
| | September 30, 2023 | | December 31, 2022 | | | |
| | Gross | | | | | |
| | Gross Notional | Estimated | Notional | Estimated | | |
| | Amount | Fair Value | Amount | Fair Value | | |
| | (In millions) | | | | | |
| Written | \$ 1,530 | \$ 20 | \$ 1,757 | \$ 16 | | |
| Purchased | — | — | — | — | | |
| Total | \$ 1,530 | \$ 20 | \$ 1,757 | \$ 16 | | |
| Total | | | | | | |
| Total | | | | | | |

The maximum amount at risk related to our written credit default swaps is equal to the corresponding gross notional amount. In a replication transaction, we pair an asset on our balance sheet with a written credit default swap to synthetically replicate a corporate bond, a core asset holding of life insurance companies. Replications are entered into in accordance with the guidelines approved by state insurance regulators and the NAIC and are an important tool in managing the overall corporate credit risk within the Company. In order to match our long-dated insurance liabilities, we seek to buy long-dated corporate bonds. In some instances, these may not be readily available in the market, or they may be issued by corporations to which we already have significant corporate credit exposure. For example, by purchasing Treasury bonds (or other high-quality assets) and associating them with written credit default swaps on the desired corporate credit name, we can replicate the desired bond exposures and meet our ALM needs. This can expose the Company to changes in credit spreads as the written credit default swap tenor is shorter than the maturity of Treasury bonds.

Embedded Derivatives

See Note 8 9 of the Notes to the Interim Condensed Consolidated Financial Statements for (i) information about embedded derivatives measured at estimated fair value on a recurring basis and their corresponding fair value hierarchy and (ii) a rollforward of the fair value measurements for net embedded derivatives measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs.

See "— Summary of Critical Accounting Estimates — Derivatives" for additional information on the estimates and assumptions that affect embedded derivatives.

Policyholder Liabilities

We establish, and carry as liabilities, actuarially determined amounts that are calculated to meet policy obligations or to provide for future annuity and life insurance benefit payments. Amounts for actuarial liabilities are computed and reported in the financial statements in conformity with GAAP. See “— Summary of Critical Accounting Estimates” for more details on policyholder liabilities.

Future Policy Benefits

We establish liabilities for future amounts payable under insurance policies. See [Notes 2 and 4](#) [Note 3](#) of the Notes to the Interim Condensed Consolidated Financial Statements.

Policyholder Account Balances

Policyholder account balance liabilities are established for products with an explicit account value and generally equal to the balance accrued to the contract holder, which includes accrued interest credited, but excludes the impact of any applicable charge that may be incurred upon surrender. See [Note 4](#) [3](#) of the Notes to the Interim Condensed Consolidated Financial Statements.

Market Risk Benefits

We issue certain variable annuity products with guaranteed minimum benefits (“GMxB”) that provide the policyholder a minimum return based on their initial deposit (i.e., the Benefit Base) less withdrawals. In some cases, the Benefit Base may be increased by additional deposits, bonus amounts, accruals or optional market value step-ups. Variable annuity guaranteed benefits are classified as MRBs and measured at fair value. Certain index-linked annuity products may also have GMxBs classified as MRBs. See [Note 4](#) of the Notes to the Interim Condensed Consolidated Financial Statements and “Quantitative and Qualitative Disclosures About Market Risk.”

Select information that management considers relevant to understanding our variable annuity risk management strategy has been included below.

[Table of Contents](#)

Net Amount at Risk

The net amount at risk (“NAR”) for the guaranteed minimum income benefits (“GMIB”) is the amount (if any) that would be required to be added to the total account value to purchase a lifetime income stream, based on current annuity rates, equal to the minimum amount provided under the guaranteed benefit. This amount represents our potential economic exposure to such guarantees in the event all contract holders were to annuitize on the balance sheet date, even though the guaranteed amount under the contract may not be annuitized until after the waiting period of the contract.

The NAR for the guaranteed minimum withdrawal benefits (“GMWB”) is the amount of guaranteed benefits in excess of the account values (if any) as of the balance sheet date and assumes utilization of benefits by all contract holders as of the balance sheet date. Only a small portion of the Benefit Base is available for withdrawal on an annual basis.

The NAR for the guaranteed minimum accumulation benefits (“GMAB”) is the amount of guaranteed benefits in excess of the account values (if any) as of the balance sheet date and assumes utilization of benefits by all contract holders as of the balance sheet. The NAR for the GMAB is not available until the GMAB maturity date.

The NAR for the guaranteed minimum death benefits (“GMDB”) is the amount of death benefit in excess of the account value (if any) as of the balance sheet date. It represents the amount of the claim we would incur if death claims were made on all contracts on the balance sheet date and includes any additional contractual claims associated with riders purchased to assist with covering income taxes payable upon death.

Our variable annuity account value and NAR by type of GMxB were as follows at:

| September 30, 2023 | | | | | December 31, 2022 | | | | | | |
|-----------------------|------|--------------------|----------------|--------------|-------------------|---------------|--------------------|--------------|--------|--|--|
| | | % of Account Value | | | | | % of Account Value | | | | |
| Account Value | | Death Benefit | Living Benefit | In-the-Money | Account Value | Death Benefit | Living Benefit | In-the-Money | | | |
| | | NAR (1) | NAR (1) | (2) | | NAR (1) | NAR (1) | (2) | | | |
| March 31, 2024 | | | | | | | | | | | |
| | | % of Account Value | | | | | % of Account Value | | | | |
| Account Value | | Death Benefit | Living Benefit | In-the-Money | Account Value | Death Benefit | Living Benefit | In-the-Money | | | |
| | | NAR (1) | NAR (1) | (2) | | NAR (1) | NAR (1) | (2) | | | |
| (Dollars in millions) | | | | | | | | | | | |
| GMIB | GMIB | \$30,275 | \$ 5,267 | \$4,312 | 39.7 % | \$31,541 | \$ 5,517 | \$4,484 | 42.9 % | | |
| GMIB | GMIB | | | | | | | | | | |
| Max | Max | | | | | | | | | | |
| with | with | | | | | | | | | | |
| EDB | EDB | | | | | | | | | | |
| (3) | (3) | 7,213 | 6,558 | 620 | 44.4 % | 7,868 | 6,013 | 415 | 34.8 % | | |
| (Dollars in millions) | | | | | | | | | | | |
| GMIB | GMIB | \$32,618 | \$ 3,595 | \$3,492 | 27.9 | 27.9 | % | \$32,079 | | | |
| GMIB | GMIB | | | | | | | | | | |
| Max | Max | | | | | | | | | | |
| with | with | | | | | | | | | | |
| EDB | EDB | | | | | | | | | | |
| (3) | (3) | 7,630 | 6,029 | 6,029 | 495 | 495 | 32.0 | 32.0 | % | | |

| | | | | | | | | | | | | | | | | | | | |
|---------|---------|----------|----------|---------|--------|----------|----------|---------|--------|---------|--------|-----|-------|-------|-------|------|------|-----|--------|
| GMIB | GMIB | | | | | | | | | GMIB | | | | | | | | | |
| Max | Max | | | | | | | | | Max | | | | | | | | | |
| without | without | | | | | | | | | without | | | | | | | | | |
| EDB | EDB | | | | | | | | | EDB | | | | | | | | | |
| (3) | (3) | 4,109 | 203 | 160 | 27.9 % | 4,464 | 196 | 92 | 18.7 % | (3) | 4,343 | 113 | 113 | 117 | 117 | 18.4 | 18.4 | % | 4,343 |
| GMWB | GMWB | 18,728 | 1,181 | 473 | 19.5 % | 19,270 | 1,584 | 662 | 26.5 % | GMWB | 20,362 | 305 | 305 | 205 | 205 | 7.5 | 7.5 | % | 19,270 |
| GMAB | GMAB | 421 | 13 | 13 | 25.9 % | 492 | 18 | 18 | 25.4 % | GMAB | 425 | 1 | 1 | 2 | 2 | 9.8 | 9.8 | % | 425 |
| GMDB | GMDB | | | | | | | | | GMDB | | | | | | | | | |
| only | only | | | | | | | | | only | | | | | | | | | |
| (other | (other | | | | | | | | | (other | | | | | | | | | |
| than | than | | | | | | | | | than | | | | | | | | | |
| EDB) | EDB) | | | | | | | | | EDB) | | | | | | | | | |
| (3) | (3) | 15,889 | 1,389 | — | N/A | 15,766 | 1,737 | — | N/A | (3) | 17,404 | 972 | 972 | — | — | N/A | N/A | | |
| EDB | EDB | | | | | | | | | EDB | | | | | | | | | |
| only | only | (3) | (3) | 2,920 | 1,516 | — | N/A | 3,009 | 1,439 | — | N/A | (3) | 3,180 | 1,254 | 1,254 | — | — | N/A | N/A |
| Total | Total | \$79,555 | \$16,127 | \$5,578 | | \$82,410 | \$16,504 | \$5,671 | | | | | | | | | | | |

(1) The “Death Benefit NAR” and “Living Benefit NAR” are not additive at the contract level.

(2) In-the-money is defined as any contract with a living benefit NAR in excess of zero.

(3) Enhanced Death Benefit (“EDB”).

Table of Contents

Reserves

Under GAAP, variable annuity guarantees are classified as MRBs, measured at estimated fair value, and are reported in market risk benefit assets and liabilities on the consolidated balance sheets, with changes reported in change in market risk benefits on the consolidated statements of operations, except for changes related to nonperformance risk, which are reported in other comprehensive income on the consolidated statements of comprehensive income (loss). Additionally, the index protection and accumulation features of Shield Annuities annuities are accounted for as embedded derivatives, measured at estimated fair value, and are reported in policyholder account balances on the consolidated balance sheets, with changes reported in net derivative gains (losses) on the consolidated statements of operations. These liabilities were valued at \$5.6 billion \$9.4 billion at September 30, 2023 March 31, 2024.

Table of Contents

Our variable annuity MRBs by type of GMxB were as follows at:

| | | September 30, 2023 | December 31, 2022 |
|----------------|----------------|--------------------|-------------------|
| | | (In millions) | |
| March 31, 2024 | March 31, 2024 | December 31, 2023 | |
| | | (In millions) | |
| GMIB | GMIB | \$ 8,128 | \$ 9,457 |
| GMWB | GMWB | 28 | 209 |
| GMDB | GMDB | 671 | 720 |
| GMDB | | | |
| GMDB | | | |
| Total | Total | \$ 8,827 | \$ 10,386 |

The estimated fair value of these guarantees can change significantly due to changes in equity market performance, equity market volatility or interest rates. Fair values are also affected by our assumptions around mortality, separate account returns and policyholder behavior, including lapse, annuitization and withdrawal rates. See “Risk Factors — Risks Related to Our Business — Guarantees within certain of our annuity products may decrease our earnings, decrease our capitalization, increase the volatility of our results, result in higher risk management costs and expose us to increased market risk” included in our 2022 2023 Annual Report.

Derivatives Hedging Variable Annuity Guarantees

| September 30, 2023 | | | | | | | December 31, 2022 | | | | | | | | | | | | | | | | | | | | |
|--------------------|-----------------|---------------------------|----------------------|-------------|---------------------------|----------------------|-------------------|-----------------|---------------------------|----------------------|-----------------------|-------------|----------------------|----------------------|-------------|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | December 31, 2023 | | | | | | | | | | | | | |
| March 31, 2024 | | | | | | | | | | | | | | March 31, 2024 | | | | | | | | | | | | | |
| Instrument Type | Instrument Type | Gross Notional Amount (1) | Estimated Fair Value | | Gross Notional Amount (1) | Estimated Fair Value | | Instrument Type | Gross Notional Amount (1) | Estimated Fair Value | Gross Notional Amount | | Estimated Fair Value | Estimated Fair Value | | | | | | | | | | | | | |
| | | | Assets | Liabilities | | Assets | Liabilities | | | | Assets | Liabilities | | Assets | Liabilities | | | | | | | | | | | | |
| (In millions) | | | | | | | | | | | | | | (In millions) | | | | | | | | | | | | | |
| (In millions) | | | | | | | | | | | | | | (In millions) | | | | | | | | | | | | | |

(1) The gross notional amounts presented do not necessarily represent the relative economic coverage provided by derivative instruments because certain positions were closed out by entering into offsetting positions that are not netted in the above table.

(2) Hybrid options have equity exposure in addition to interest rate exposure.

The gross notional amount and estimated fair value of the derivatives held in our variable annuity hedging program as well as the interest rate hedges allocated from our macro interest rate hedging program, were as follows at:

| September 30, 2023 | | | | | | | | December 31, 2022 | | | | | | | | | |
|---------------------------|---------------------------|---------------------------|----------------------|-------------|---------------------------|----------------------|-------------|-------------------|---------------------------|--------|-------------|---------------------------|--------|-------------|--|-------------------|--|
| March 31, 2024 | | | | | | | | | | | | | | | | December 31, 2023 | |
| Instrument Type | Instrument Type | Gross Notional Amount (1) | Estimated Fair Value | | Gross Notional Amount (1) | Estimated Fair Value | | Instrument Type | Gross Notional Amount (1) | Assets | Liabilities | Gross Notional Amount (1) | Assets | Liabilities | | | |
| | | | Assets | Liabilities | | Assets | Liabilities | | | | | | | | | | |
| (In millions) | | | | | | | | | | | | | | | | | |
| Equity index options | Equity index options | \$ 12,313 | \$ 304 | \$ 432 | \$13,862 | | \$ 525 | | \$ 350 | | | | | | | | |
| Equity total return swaps | Equity total return swaps | 56,332 | 931 | 1,061 | 32,909 | | 520 | | 747 | | | | | | | | |
| Interest rate swaps | Interest rate swaps | 30,096 | 131 | 280 | 2,330 | | 38 | | 46 | | | | | | | | |
| Interest rate swaps | | | | | | | | | | | | | | | | | |
| Interest rate swaps | | | | | | | | | | | | | | | | | |

| | | | | | | | |
|------------------------|------------------------|-----------|---------|----------|----------|---------|---------|
| Interest rate options | Interest rate options | 27,580 | 18 | 220 | 27,088 | 21 | 126 |
| Interest rate forwards | Interest rate forwards | 8,443 | — | 1,206 | 10,565 | 35 | 1,255 |
| Hybrid options | Hybrid options | 630 | 7 | — | — | — | — |
| Total | Total | \$135,394 | \$1,391 | \$ 3,199 | \$86,754 | \$1,139 | \$2,524 |

(1) The gross notional amounts presented do not necessarily represent the relative economic coverage provided by option instruments because certain positions were closed out by entering into offsetting positions that are not netted in the above table.

Period-to-period changes in the estimated fair value of these hedges affect our net income, as well as stockholders' equity and these effects can be material in any given period. See "Risk Factors — Risks Related to Our Business — Our variable annuity exposure risk management strategy may not be effective, may result in significant volatility in our profitability measures and/or may negatively affect our statutory capital," "Management's Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Management Strategies" included in our 2022 2023 Annual Report.

Liquidity and Capital Resources

Our business and results of operations are materially affected by conditions in the global capital markets and the economy generally. Stressed conditions, volatility or disruptions in global capital markets, particular markets or financial asset classes can impact us adversely, in part because we have a large investment portfolio and our insurance liabilities and derivatives are sensitive to changing market factors. Changing conditions in the global capital markets and the economy may affect our financing costs and market interest rates for our debt or equity securities. For further information regarding market factors that could affect our ability to meet liquidity and capital needs, see "— Industry Trends and Uncertainties — Financial and Economic Environment," as well as "Risk Factors — Economic Environment and Capital Markets-Related Risks" and "Risk Factors — Risks Related to Our Investment Portfolio" included in our 2022 2023 Annual Report.

Liquidity and Capital Management

Based upon our capitalization, expectations regarding maintaining our business mix, ratings, and funding sources available to us, we believe we have sufficient liquidity to meet business requirements in current market conditions and certain stress scenarios. Our Board of Directors and senior management are directly involved in the governance of the capital management process, including proposed changes to the annual capital plan and capital targets. We continuously monitor and adjust our liquidity and capital plans in light of market conditions, as well as changing needs and opportunities.

We maintain a substantial short-term liquidity position, which was \$3.2 billion \$4.0 billion and \$3.6 \$3.8 billion at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Short-term liquidity is comprised of cash and cash equivalents and short-term investments, excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include amounts received in connection with securities lending, derivatives and assets held on deposit or in trust.

An integral part of our liquidity management includes managing our level of liquid assets, which was \$42.0 \$44.5 billion and \$40.8 \$45.2 billion at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Liquid assets are comprised of cash and cash equivalents, short-term investments and publicly-traded securities, excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include amounts received in connection with securities lending, funding agreements, derivatives and assets held on deposit or in trust.

[Table of Contents](#)

The Company

Liquidity

Liquidity refers to our ability to generate adequate cash flows from our normal operations to meet the cash requirements of our operating, investing and financing activities. We determine our liquidity needs based on a rolling 12-month forecast by portfolio of invested assets, which we monitor daily. We adjust the general account asset and derivatives mix and general account asset maturities based on this rolling 12-month forecast. To support this forecast, we conduct cash flow and stress testing, which reflect the impact of various scenarios, including (i) the potential increase in our requirement to pledge additional collateral or return collateral to our counterparties, (ii) a reduction in new business sales, and (iii) the risk of early contract holder and policyholder withdrawals, as well as lapses and surrenders of existing policies and contracts. We include provisions limiting withdrawal rights in many of our products, which deter the customer from making withdrawals prior to the maturity date of the product. If significant cash is required beyond our anticipated liquidity needs, we have various alternatives available depending on market conditions and the amount and timing of the liquidity need. These available alternative sources of liquidity include cash flows from operations, sales of liquid assets and funding sources, including secured funding agreements, unsecured credit facilities and secured committed facilities.

Under certain adverse market and economic conditions, our access to liquidity may deteriorate, or the cost to access liquidity may increase. See "Risk Factors — Economic Environment and Capital Markets-Related Risks — Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs and our access to capital" in our 2022 2023 Annual Report.

Capital

We manage our capital position to maintain our financial strength and credit ratings. Our capital position is supported by our ability to generate cash flows within our insurance companies, subsidiaries, our ability to effectively manage the risks of our businesses and our expected ability to borrow funds and raise additional capital to meet operating and growth needs under a variety of market and economic conditions.

In support of our target combined risk-based capital ("RBC") ratio of 400% to 450% in normal market conditions, we expect to continue to maintain a capital and exposure risk management program that targets total assets supporting our variable annuity contracts at or above the average of the worst two percent of a set of capital markets scenarios over the life of the contracts level in normal market conditions. With our risk management focus on the core drivers of our combined RBC ratio, we believe we can better manage our RBC in stressed market scenarios.

We currently have no plans to declare and pay dividends on our common stock. Any future declaration and payment of dividends or other distributions or returns of capital will be at the discretion of our Board of Directors and will depend on and be subject to our financial condition, results of operations, cash needs, regulatory and other constraints, capital requirements (including capital requirements of our insurance subsidiaries), contractual restrictions and any other factors that our Board of Directors deems relevant in making such a determination. Therefore, there can be no assurance that we will pay any dividends or make other distributions or returns of capital on our common stock, or as to the amount of any such dividends, distributions or returns of capital.

Sources and Uses of Liquidity and Capital

| Three Months Ended March 31, | | Three Months Ended March 31, | |
|--|--|---------------------------------|------|
| 2024 | | 2024 | 2023 |
| (In millions) | | (In millions) | |
| Sources: | | | |
| Changes in policyholder account balances, net | | | |
| Changes in policyholder account balances, net | | | |
| Changes in policyholder account balances, net | | | |
| | Nine Months Ended September 30, | | |
| | 2023 2022 | | |
| Financing element on certain derivative instruments and other derivative related transactions, net | | | |
| | (In millions) | | |
| Sources: | | | |
| Changes in policyholder account balances, net | \$3,519 | \$9,281 | |
| Changes in payables for collateral under securities loaned and other transactions, net | — | 263 | |
| Financing element on certain derivative instruments and other derivative related transactions, net | | | |

| | | | |
|--|--|-------|-------|
| Financing element on certain derivative instruments and other derivative related transactions, net | Financing element on certain derivative instruments and other derivative related transactions, net | 43 | — |
| Total sources | Total sources | 3,562 | 9,544 |
| Uses: | Uses: | | |
| Operating activities, net | Operating activities, net | 289 | 1,002 |
| Operating activities, net | | | |
| Operating activities, net | | | |
| Investing activities, net | Investing activities, net | 2,644 | 7,596 |
| Changes in payables for collateral under securities loaned and other transactions, net | Changes in payables for collateral under securities loaned and other transactions, net | 619 | — |
| Long-term debt repaid | | 1 | 2 |
| Dividends on preferred stock | | | |
| Dividends on preferred stock | | | |
| Dividends on preferred stock | Dividends on preferred stock | 77 | 78 |
| Treasury stock acquired in connection with share repurchases | Treasury stock acquired in connection with share repurchases | 190 | 395 |
| Financing element on certain derivative instruments and other derivative related transactions, net | Financing element on certain derivative instruments and other derivative related transactions, net | — | 137 |
| Other, net | Other, net | 18 | 15 |
| Total uses | Total uses | 3,838 | 9,225 |

| | |
|-------------|-----------------------------|
| Net | Net |
| increase | increase |
| (decrease) | (decrease) |
| in cash | in cash |
| and cash | and cash |
| equivalents | equivalents \$ (276) \$ 319 |

Cash Flows from Operating Activities

The principal cash inflows from our insurance activities come from insurance premiums, annuity considerations and net investment income. The principal cash outflows are the result of various annuity and life insurance products, operating expenses and income tax, as well as interest expense. The primary liquidity concern with respect to these cash flows is the risk of early contract holder and policyholder withdrawal.

Cash Flows from Investing Activities

The principal cash inflows from our investment activities come from repayments of principal, proceeds from maturities and sales of investments, as well as settlements of freestanding derivatives. The principal cash outflows relate to purchases of investments and settlements of freestanding derivatives. We typically can have a net cash outflow from investing activities because cash inflows from insurance operations are reinvested in accordance with our ALM discipline to fund insurance liabilities. We closely monitor and manage these risks through our comprehensive investment risk management process. The primary liquidity concerns with respect to these cash flows are the risk of default by debtors and market disruption.

Cash Flows from Financing Activities

The principal cash inflows from our financing activities come from issuances of debt and equity securities, deposits of funds associated with policyholder account balances and lending of securities. The principal cash outflows come from repayments of debt, common stock repurchases, preferred stock dividends, withdrawals associated with policyholder account balances and the return of securities on loan. The primary liquidity concerns with respect to these cash flows are market disruption and the risk of early policyholder withdrawal.

[Table of Contents](#)

Primary Sources of Liquidity and Capital

In addition to the summary description of liquidity and capital sources discussed in “— Sources and Uses of Liquidity and Capital,” the following additional information is provided regarding our primary sources of liquidity and capital:

Funding Sources

Liquidity is provided by a variety of funding sources, including secured and unsecured funding agreements, unsecured credit facilities and secured committed facilities. Capital is provided by a variety of funding sources, including issuances of debt and equity securities, as well as borrowings under our credit facilities. We maintain a shelf registration statement with the SEC that permits the issuance of public debt, equity and hybrid securities. As a “Well-Known Seasoned Issuer” under SEC rules, our shelf registration statement provides for automatic effectiveness upon filing and has no stated issuance capacity. The diversity of our funding sources enhances our funding flexibility, limits dependence on any one market or source of funds and generally lowers the cost of funds. Our primary funding sources include:

Preferred Stock

See Note 10 of the Notes to the Interim Condensed Consolidated Financial Statements and Note 10 13 of the Notes to the Consolidated Financial Statements included in our 2022 2023 Annual Report for information on preferred stock issuances.

Funding Agreements

Brighthouse Life Insurance Company issues funding agreements and uses the proceeds from such issuances for spread lending purposes in connection with our institutional spread margin business or to provide additional liquidity. The institutional spread margin business is comprised of funding agreements issued in connection with the programs described in more detail below. Activity related to these programs are reported in Corporate & Other. See Note 3 4 of the Notes to the Consolidated Financial Statements included in our 2022 2023 Annual Report for additional information on funding agreements.

Funding Agreement-Backed Repurchase Agreement Program

In January 2024, Brighthouse Life Insurance Company established a secured funding agreement-backed repurchase agreement program (the “FABR Program”), pursuant to which Brighthouse Life Insurance Company may enter into repurchase agreements with bank counterparties and the proceeds of the repurchase agreements are then used by a special-purpose entity to purchase funding agreements from Brighthouse Life Insurance Company.

Funding Agreement-Backed Commercial Paper Program

In July 2021, Brighthouse Life Insurance Company established a funding agreement-backed commercial paper program (the “FABCP Program”) for spread lending purposes, pursuant to which a special purpose limited liability company (the “SPLLC”) may issue commercial paper and deposit the proceeds with Brighthouse Life Insurance Company under a funding agreement issued by Brighthouse Life Insurance Company to the SPLLC. The maximum aggregate principal amount permitted to be outstanding at any one time under the FABCP Program was increased from \$3.0 billion to is \$5.0 billion in June 2023. Activity related to this funding agreement is reported in Corporate & Other. billion.

Funding Agreement-Backed Notes Program

In April 2021, Brighthouse Life Insurance Company established a funding agreement-backed notes program (the “FABN Program”), pursuant to which Brighthouse Life Insurance Company may issue funding agreements to a special purpose statutory trust for spread lending purposes. The maximum aggregate principal amount permitted to be outstanding at any one time under the FABN Program is \$7.0 billion. Activity related to these funding agreements is reported in Corporate & Other.

Federal Home Loan Bank Funding Agreements

Brighthouse Life Insurance Company is a member of the Federal Home Loan Bank (“FHLB”) of Atlanta, where it maintains a secured funding agreement program, under which funding agreements may be issued either (i) for spread lending purposes or (ii) to provide additional liquidity. Activity related to these funding agreements is reported in Corporate & Other, issued.

Farmer Mac Funding Agreements

Brighthouse Life Insurance Company has a secured funding agreement program with the Federal Agricultural Mortgage Corporation and its affiliate Farmer Mac Mortgage Securities Corporation (“Farmer Mac”) with a term ending on December 1, 2026, pursuant to which the parties may enter into funding agreements in an aggregate amount of up to \$750 million either (i) for spread lending purposes or (ii) to provide additional liquidity. Activity related to these funding agreements is reported in Corporate & Other, million.

[Table of Contents](#)

Information regarding funding agreements issued for spread lending purposes is as follows:

| | | | | | | | | | | Issuances | | Repayments | | | |
|--|-------------------------------|----|--------|----|--------|----|-------|----|--------|--|-------------------|--------------------------------------|--------|------------|------|
| Aggregate Principal Amount Outstanding | | | | | | | | | | Aggregate Principal Amount Outstanding | | Three Months Ended March 31, | | | |
| | | | | | | | | | | March 31, 2024 | December 31, 2023 | | | | |
| | | | | | | | | | | (In millions) | | | | | |
| | | | | | | | | | | Aggregate Principal Amount Outstanding | | Issuances | | Repayments | |
| | | | | | | | | | | September 30, 2023 | | Nine Months Ended September 30, 2023 | | | |
| | | | | | | | | | | 2023 | December 31, 2022 | 2023 | 2022 | 2023 | 2022 |
| | | | | | | | | | | (In millions) | | | | | |
| FABR Program | | | | | | | | | | | | | | | |
| FABCP Program | FABCP Program | \$ | 2,809 | \$ | 2,097 | \$ | 5,618 | \$ | 8,980 | \$ | 4,906 | \$ | 9,110 | | |
| FABN Program | FABN Program | | 2,600 | | 3,450 | | — | | 550 | | 850 | | — | | |
| FHLB Funding Agreements | FHLB Funding Agreements | | 4,400 | | 3,900 | | 1,925 | | 5,350 | | 1,425 | | 2,500 | | |
| Farmer Mac Funding Agreements | Farmer Mac Funding Agreements | | 700 | | 700 | | — | | 400 | | — | | 25 | | |
| Total | Total | \$ | 10,509 | \$ | 10,147 | \$ | 7,543 | \$ | 15,280 | \$ | 7,181 | \$ | 11,635 | | |

See Note 10 of the Notes to the Interim Condensed Consolidated Financial Statements for information relating to authorizations to repurchase BHF common stock, amounts of common stock repurchased pursuant to such authorizations and the amount remaining under such authorizations at **September 30, 2023** **March 31, 2024**. Subsequent to **September 30, 2023** **March 31, 2024** and through **November 3, 2023** **May 3, 2024**, BHF repurchased an additional **522,548** **507,621** shares of its common stock through open market purchases pursuant to a 10b5-1 plan for \$25 million.

Preferred Stock Dividends

See Note 10 of the Notes to the Interim Condensed Consolidated Financial Statements for information relating to dividends declared and paid on our preferred stock.

[Table of Contents](#)

"Dividend Stopper" Provisions in BHF's Preferred Stock and Junior Subordinated Debentures

Terms applicable to our junior subordinated debentures may restrict our ability to pay interest on those debentures in certain circumstances. Suspension of payments of interest on our junior subordinated debentures, whether required under the relevant indenture or optional, could cause "dividend stopper" provisions applicable under those and other instruments to restrict our ability to pay dividends, if any, on our common stock and repurchase our common stock in various situations, including situations where we may be experiencing financial stress, and may restrict our ability to pay dividends or interest on our preferred stock and junior subordinated debentures as well. Similarly, the terms of our outstanding preferred stock contain restrictions on our ability to repurchase our common stock or pay dividends thereon if we have not fulfilled our dividend obligations under such preferred stock or other preferred securities. In addition, the terms of the agreements governing any preferred stock, debt or other financial instruments that we may issue in the

[Table of Contents](#)

future, may limit or prohibit the payment of dividends on our common stock or preferred stock, or the payment of interest on our junior subordinated debentures.

Debt Repayments, Repurchases, Redemptions and Exchanges

See Note **9** **12** of the Notes to the Consolidated Financial Statements included in our **2022** **2023** Annual Report for information on debt repayments and repurchases, as well as debt maturities and the terms of our outstanding long-term debt.

We may from time to time seek to retire or purchase our outstanding indebtedness through cash purchases or exchanges for other securities, purchases in the open market, privately negotiated transactions or otherwise. Any such repurchases or exchanges will be dependent upon several factors, including our liquidity requirements, contractual restrictions, general market conditions, as well as applicable regulatory, legal and accounting factors. Whether or not we repurchase any debt and the size and timing of any such repurchases will be determined at our discretion.

Insurance Liabilities

Liabilities arising from our insurance activities primarily relate to benefit payments under various annuity and life insurance products, as well as payments for policy surrenders, withdrawals and loans. See "— Primary Sources of Liquidity and Capital — Funding Sources — Funding Agreements" for additional information regarding our institutional spread margin business.

Pledged Collateral

We enter into derivatives to manage various risks relating to our ongoing business operations. We pledge collateral to, and have collateral pledged to us by, counterparties in connection with our derivatives. At **September 30, 2023**, we did not pledge any cash collateral to counterparties. At **December 31, 2022** **March 31, 2024** and **December 31, 2023**, we pledged **\$7** **\$24** million and **\$16** million, respectively, of cash collateral to counterparties. At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, we were obligated to return cash collateral pledged to us by counterparties of **\$770** **\$483** million and **\$829** **\$393** million, respectively. The timing of the return of the derivatives collateral is uncertain. See Note **7** **8** of the Notes to the Interim Condensed Consolidated Financial Statements for additional information about pledged collateral. We also pledge collateral from time to time in connection with our funding agreements.

We receive non-cash collateral from counterparties for derivatives, which can be sold or re-pledged subject to certain constraints, and which is not recorded on our consolidated balance sheets. The amount of this non-cash collateral at estimated fair value was **\$1.6** **\$2.0** billion and **\$1.0** **\$2.4** billion at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively.

Securities Lending

We have a securities lending program that aims to enhance the total return on our investment portfolio, whereby securities are loaned to third parties, primarily brokerage firms and commercial banks. We obtain collateral, usually cash, from the borrower, which must be returned to the borrower when the loaned securities are returned to us. Generally, our securities lending contracts expire within twelve months of issuance. We were liable for cash collateral under our control of **\$3.2** billion and **\$3.7** **\$3.3** billion at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively.

We receive non-cash collateral for securities lending from counterparties, which cannot be sold or re-pledged, and which is not recorded on our consolidated balance sheets. There was no non-cash collateral at both **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

See Note **6** **7** of the Notes to the Interim Condensed Consolidated Financial Statements for further discussion of our securities lending program.

[Table of Contents](#)

Contingencies, Commitments and Guarantees

We establish liabilities for litigation, regulatory and other loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. See Note 13 of the Notes to the Interim Condensed Consolidated Financial Statements for additional information regarding contingencies.

We enter into commitments for the purpose of enhancing the total return on our investment portfolio consisting of commitments to fund partnership investments, bank credit facilities and private corporate bond investments, as well as commitments to lend funds under mortgage loan commitments. We anticipate these commitments could be invested any time over the next five years. See Notes 6, 7 and 13 of the Notes to the Interim Condensed Consolidated Financial Statements for additional information regarding commitments.

[Table of Contents](#)

In the normal course of our business, we have provided certain indemnities, guarantees and commitments to third parties such that we may be required to make payments now or in the future. See Note 13 of the Notes to the Interim Condensed Consolidated Financial Statements for additional information regarding guarantees.

The Parent Company

Liquidity and Capital

In evaluating liquidity, it is important to distinguish the cash flow needs of the parent company from the cash flow needs of the combined group of companies. BHF is largely dependent on cash flows from its insurance subsidiaries to meet its obligations. Constraints on BHF's liquidity may occur as a result of operational demands or as a result of compliance with regulatory requirements.

Short-term Liquidity and Liquid Assets

At September 30, 2023 both March 31, 2024 and December 31, 2022 December 31, 2023, BHF and certain of its non-insurance subsidiaries had short-term liquidity of \$891 million and \$1.0 billion, respectively. \$1.2 billion. Short-term liquidity is comprised of cash and cash equivalents and short-term investments, excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include assets held in trust.

At September 30, 2023 both March 31, 2024 and December 31, 2022 December 31, 2023, BHF and certain of its non-insurance subsidiaries had liquid assets of \$928 million and \$1.0 \$1.3 billion, respectively, of which \$883 million and \$987 million, respectively, \$1.2 billion was held by BHF. Liquid assets are comprised of cash and cash equivalents, short-term investments and publicly-traded securities, excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include assets held in trust.

Statutory Capital and Dividends

The NAIC and state insurance departments have established regulations that provide minimum capitalization requirements based on RBC formulas for insurance companies. RBC is based on a formula calculated by applying factors to various asset, premium, claim, expense and statutory reserve items. The formula takes into account the risk characteristics of the insurer, including asset risk, insurance risk, interest rate risk, market risk and business risk and is calculated on an annual basis. The formula is used as an early warning regulatory tool to identify possible inadequately capitalized insurers for purposes of initiating regulatory action, and not as a means to rank insurers generally. State insurance laws provide insurance regulators the authority to require various actions by, or take various actions against, insurers whose total adjusted capital ("TAC") does not meet or exceed the amounts required to attain certain RBC levels. As of the date of the most recent annual statutory financial statements filed with insurance regulators, the TAC of each of our insurance subsidiaries subject to these requirements was in excess of the amounts required to attain each of those RBC levels.

The amount of dividends that our insurance subsidiaries can ultimately pay to BHF through their various parent entities provides an additional margin for risk protection and investment in our businesses. Such dividends are constrained by the amount of surplus our insurance subsidiaries hold to maintain their ratings, which is generally higher than minimum RBC requirements. We proactively take actions to maintain capital consistent with these ratings objectives, which may include adjusting dividend amounts and deploying financial resources from internal or external sources of capital. Certain of these activities may require regulatory approval. Furthermore, the payment of dividends and other distributions by our insurance subsidiaries is governed by the insurance laws and regulations, regulations of the states where they are domiciled. Any payment of dividends by Brighthouse Life Insurance Company in 2024 would be subject to Delaware Department of Insurance approval. See Note 10 13 of the Notes to the Consolidated Financial Statements included in our 2022 2023 Annual Report. Report for additional information regarding the applicable dividend restrictions and certain of our subsidiaries' ordinary dividend capacity, as well as the circumstances under which regulatory approval would be required.

[Table of Contents](#)

Primary Sources and Uses of Liquidity and Capital

The principal sources of funds available to BHF include distributions from Brighthouse Holdings, LLC ("BH Holdings"), dividends and returns of capital from its insurance subsidiaries and BRCD, capital markets issuances, as well as its own cash and cash equivalents and short-term investments. These sources of funds may also be supplemented by alternate sources of liquidity either directly or indirectly through our insurance subsidiaries. For example, we have established internal liquidity facilities to provide liquidity within and across our regulated and non-regulated entities to support our businesses.

The primary uses of liquidity of BHF include debt-service obligations (including interest expense and debt repayments), preferred stock dividends, capital contributions to subsidiaries, common stock repurchases and payment of general operating expenses. Based on our analysis and comparison of our current and future cash inflows from the dividends we receive from subsidiaries that are permitted to be paid without prior insurance regulatory approval, our investment portfolio and other cash flows and anticipated access to the capital markets, we believe there will be sufficient

[Table of Contents](#)

liquidity and capital to enable BHF to make payments on debt, pay preferred stock dividends, contribute capital to its subsidiaries, repurchase its common stock, pay all general operating expenses and meet its cash needs.

In addition to the liquidity and capital sources discussed in “— The Company — Primary Sources of Liquidity and Capital” and “— The Company — Primary Uses of Liquidity and Capital,” the following additional information is provided regarding BHF’s primary sources and uses of liquidity and capital:

Distributions from and Capital Contributions to BH Holdings

During both the nine three months ended September 30, 2023, March 31, 2024 and 2023, BHF did not receive any cash distributions from BH Holdings. During the nine months ended September 30, 2022, BHF received non-cash distributions of \$350 million from BH Holdings.

During the nine months ended September 30, 2023 Holdings and 2022, BHF did not make any cash capital contributions to BH Holdings.

Short-term Intercompany Loans

BHF, as borrower, has a short-term intercompany loan agreement with certain of its non-insurance subsidiaries, as lenders, for the purposes of facilitating the management of the available cash of the borrower and the lenders on a short-term and consolidated basis. Such intercompany loan agreement allows management to optimize the efficient use of and maximize the yield on cash between BHF and its subsidiary lenders. Each loan entered into under this intercompany loan agreement has a term not more than 364 days and bears interest on the unpaid principal amount at a variable rate, payable monthly. During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, BHF borrowed \$569 \$110 million and \$661 \$217 million, respectively, from certain of its non-insurance subsidiaries and repaid \$369 \$50 million and \$945 \$172 million of such borrowings during the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, BHF had total obligations outstanding of \$713 \$787 million and \$513 \$727 million, respectively, under such agreements.

Intercompany Liquidity Facilities

BHF has established intercompany liquidity facilities with certain of its insurance and non-insurance subsidiaries to provide short-term liquidity within and across the combined group of companies. Under these facilities, which are comprised of a series of revolving loan agreements among BHF and its participating subsidiaries, each company may lend to or borrow from each other, subject to certain maximum limits for a term of up to 364 days, depending on the agreement. During both the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, there were no borrowings or repayments by BHF under these facilities and, at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, BHF had no obligations outstanding under such facilities.

[Table of Contents](#)

Note Regarding Forward-Looking Statements

This report and other oral or written statements that we make from time to time may contain information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve substantial risks and uncertainties. We have tried, wherever possible, to identify such statements using words such as “anticipate,” “estimate,” “expect,” “project,” “may,” “will,” “could,” “intend,” “goal,” “target,” “guidance,” “forecast,” “preliminary,” “objective,” “continue,” “aim,” “plan,” “believe” and other words and terms of similar meaning, or that are tied to future periods, in connection with a discussion of future operating or financial performance. In particular, these include, without limitation, statements relating to future actions, prospective services or products, financial projections, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, as well as trends in operating and financial results.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining the actual future results of Brighthouse Financial. These statements are based on current expectations and the current economic environment and involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance. Actual results could differ materially from those expressed or implied in the forward-looking statements due to a variety of known and unknown risks, uncertainties and other factors. Although it is not possible to identify all of these risks and factors, they include, among others:

- differences between actual experience and actuarial assumptions and the effectiveness of our actuarial models;
- higher risk management costs and exposure to increased market risk due to guarantees within certain of our products;

[Table of Contents](#)

- the effectiveness of our variable annuity exposure risk management strategy and the impact impacts of such strategy on volatility in our profitability measures and the negative effects on our statutory capital;
- material differences between actual outcomes and the sensitivities calculated under certain scenarios that we may utilize in connection with our variable annuity risk management strategies;
- the impact of interest rates on our future ULSG policyholder obligations and net income volatility;
- the potential material adverse effect of changes in accounting standards, practices or policies applicable to us, including changes in the accounting for long-duration contracts;
- loss of business and other negative impacts resulting from a downgrade or a potential downgrade in our financial strength or credit ratings;
- the availability of reinsurance and the ability of the counterparties to our reinsurance or indemnification arrangements to perform their obligations thereunder;

- heightened competition, including with respect to service, product features, scale, price, actual or perceived financial strength, claims-paying ratings, credit ratings, e-business capabilities and name recognition;
- our ability to market and distribute our products through distribution channels;
- any failure of third parties to provide services we need, any failure of the practices and procedures of such third parties and any inability to obtain information or assistance we need from third parties;
- the ability of our subsidiaries to pay dividends to us, and our ability to pay dividends to our shareholders and repurchase our common stock;
- the risks associated with climate change;
- the adverse impact of public health crises, extreme mortality events or similar occurrences on our business and the economy in general;
- the impact of adverse capital and credit market conditions, including with respect to our ability to meet liquidity needs and access capital;
- the impact of economic conditions in the capital markets and the U.S. and global economy, as well as geopolitical events, military actions or catastrophic events, on our profitability measures as well as our investment portfolio, including on realized and unrealized losses and impairments, net investment spread and net investment income;

[Table of Contents](#)

- the financial risks that our investment portfolio is subject to, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control;
- the impact of changes in regulation and in supervisory and enforcement policies or interpretations thereof on our insurance business or other operations;
- the potential material negative tax impact of potential future tax legislation that could make some of our products less attractive to consumers or increase our tax liability;
- the effectiveness of our policies, procedures and processes in managing risk;
- the loss or disclosure of confidential information, damage to our reputation and impairment of our ability to conduct business effectively as a result of any failure in cyber- or other information security systems;
- whether all or any portion of the tax consequences of our separation from MetLife, Inc. (together with its subsidiaries and affiliates, "MetLife") are not as expected, leading to material additional taxes or material adverse consequences to tax attributes that impact us; and
- other factors described in this report and from time to time in documents that we file with the SEC.

For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements included and the risks, uncertainties and other factors identified in our 2022 2023 Annual Report, particularly in the sections entitled "Risk Factors" and "Quantitative and Qualitative Disclosures About Market Risk," as well as in our other subsequent filings with the SEC. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law.

[Table of Contents](#)

Corporate Information

We routinely use our Investor Relations website to provide presentations, press releases, our insurance subsidiaries' statutory filings, and other information that may be deemed important or material to investors. Accordingly, we encourage investors and others interested in the Company to review the information that we share at <http://investor.brighthousefinancial.com>. In addition, our Investor Relations website allows interested persons to sign up to automatically receive e-mail alerts when we post financial information, make filings with the SEC. Information contained on or connected to any website referenced in this report or any of our other filings with the SEC is not incorporated by reference in this report or in any other report or document we file with the SEC, and any website references are intended to be inactive textual references only unless expressly noted.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We regularly analyze our market risk exposure to interest rate, equity market price, credit spreads and foreign currency exchange rate risks. As a result of that analysis, we have determined that the estimated fair values of certain assets and liabilities are significantly exposed to changes in interest rates, and to a lesser extent, to changes in equity market prices and foreign currency exchange rates. We have exposure to market risk through our insurance and annuity operations and general account investment activities. For purposes of this discussion, "market risk" is defined as changes in estimated fair value resulting from changes in interest rates, equity market prices, credit spreads and foreign currency exchange rates. We may have additional financial impacts other than changes in estimated fair value, which are beyond the scope of this discussion. A description of our market risk exposures may be found under "Quantitative and Qualitative Disclosures About Market Risk" in our First Quarter Form 10-Q, 2023 Annual Report.

There have been no material changes to our market risk exposures from the market risk exposures previously disclosed in our First Quarter Form 10-Q with the exception of sensitivity to changes in interest rates. Sensitivity to a 100 basis point rise in interest rates decreased by \$978 million, or 18%, to \$4.4 billion as of September 30, 2023 from \$5.4 billion as of March 31, 2023 primarily as a result of the impact of higher interest rates on the estimated fair value of fixed maturity securities, in line with management expectations, 2023 Annual Report.

Item 4. Controls and Procedures

Management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of **September 30, 2023** **March 31, 2024**.

[Table of Contents](#)

MetLife provides certain services to the Company on a transitional basis through services agreements. The Company continues to change business processes, implement systems and establish new third-party arrangements. We consider these in aggregate to be material changes in our internal control over financial reporting.

Other than as noted above, there were no changes to the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended **September 30, 2023** **March 31, 2024** that have materially affected, or are reasonably likely to materially affect, these internal controls over financial reporting.

Part II — Other Information

Item 1. Legal Proceedings

See Note 13 of the Notes to the Interim Condensed Consolidated Financial **Statements, as well as "Legal Proceedings" in our First Quarter Form 10-Q. Statements.**

Item 1A. Risk Factors

We discuss in this report, in our **2022** **2023** Annual Report and in our other filings with the SEC, various risks that may materially affect our business. In addition, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Note Regarding Forward-Looking Statements" included herein. There have been no material changes to our risk factors from the risk factors previously disclosed in our **2022** **2023** Annual Report.

[Table of Contents](#)

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Purchases of BHF common stock made by or on behalf of BHF or its affiliates during the three months ended **September 30, 2023** **March 31, 2024** are set forth below:

| Period | Total Number of Shares | | Total Number of Shares | | Approximate Dollar Value of | |
|----------------------------------|------------------------|------------------------------|---|--------|--|--|
| | Purchased (1) | Average Price Paid per Share | Purchased as Part of Publicly Announced Plans or Programs | (2) | Shares that May Yet Be Purchased Under the Plans or Programs | |
| | | | | | (In millions) | |
| July 1 — July 31, 2023 | 402,893 | \$ 49.16 | 403,671 | \$ 147 | | |
| August 1 — August 31, 2023 | 465,791 | \$ 49.85 | 465,791 | \$ 124 | | |
| September 1 — September 30, 2023 | 413,725 | \$ 49.84 | 413,884 | \$ 104 | | |
| Total | 1,282,409 | | 1,283,346 | | | |

| Period | Total Number of Shares | | Total Number of Shares | | Approximate Dollar Value of | |
|--------------------------------|------------------------|------------------------------|---|--------|--|--|
| | Purchased (1) | Average Price Paid per Share | Purchased as Part of Publicly Announced Plans or Programs | (2) | Shares that May Yet Be Purchased Under the Plans or Programs | |
| | | | | | (In millions) | |
| January 1 — January 31, 2024 | 403,954 | \$ 51.97 | 403,954 | \$ 772 | | |
| February 1 — February 29, 2024 | 407,808 | \$ 49.71 | 407,808 | \$ 752 | | |
| March 1 — March 31, 2024 | 675,826 | \$ 46.83 | 435,549 | \$ 731 | | |
| Total | 1,487,588 | | 1,247,311 | | | |

- (1) Where applicable, total number of shares purchased includes shares of common stock withheld with respect to option exercise costs and tax withholding obligations associated with the exercise or vesting of share-based compensation awards under our publicly announced benefit plans or programs.
- (2) On November 16, 2023, we authorized the repurchase of up to \$750 million of our common stock, which does not have an expiration date. This authorization was in addition to the \$1.2 billion total repurchases authorized in 2021, which were completed in the first quarter of 2024. See "Management's Discussion and Analysis of Financial Condition and

[Table of Contents](#)

Item 5. Other Information

Director and Officer 10b5-1 Plans

During the three months ended September 30, 2023 March 31, 2024, the following Rule 10b5-1 trading arrangements (as such term is defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended (the "Securities Act")) for the sale of the Company's common stock were adopted by certain officers of the Company (as defined in Rule 16a-1(f) of the Exchange Act):

| Name and title of director or officer | Date of adoption of trading arrangement | Duration of trading arrangement (1) | Aggregate number of securities to be sold under trading arrangement |
|--|---|-------------------------------------|---|
| Vonda R. Huss, Executive Vice President and Chief Human Resources Officer | March 2, 2024 | June 3, 2024 – June 30, 2025 | 15,000 |
| Myles J. Lambert, Executive Vice President and Chief Marketing and Distribution Officer | February 27, 2024 | June 3, 2024 – July 1, 2025 | 42,000 |
| John L. Rosenthal, Executive Vice President and Chief Investment Officer | February 28, 2024 | June 3, 2024 – February 4, 2025 | 40,000 |
| Edward A. Spehar, Executive Vice President and Chief Financial Officer | February 26, 2024 | May 29, 2024 – December 31, 2024 | 21,375 |
| Eric T. Steigerwalt, President, Chief Executive Officer and Director | February 27, 2024 | June 3, 2024 - July 1, 2025 | 125,000 |
| | | | |

(1) In each case, a Rule 10b5-1 trading arrangement may also expire on such earlier date as all transactions under the Rule 10b5-1 trading arrangement are completed.

During the three months ended March 31, 2024, none of the Company's other directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended Act).

[Table of Contents](#)

Item 6. Exhibits

(Note Regarding Reliance on Statements in Our Contracts: In reviewing the agreements included as exhibits herein, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about Brighthouse Financial, Inc. and its subsidiaries or affiliates or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and (i) should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement; (iii) may apply standards of materiality in a way that is different from what may be viewed as material to investors; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments. Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about Brighthouse Financial, Inc. and its subsidiaries and affiliates may be found elsewhere herein and Brighthouse Financial, Inc.'s other public filings, which are available without charge through the U.S. Securities and Exchange Commission website at www.sec.gov.)

| Exhibit No. | Description |
|-------------|---|
| 3.110.1*# | Restated Certificate Form of Incorporation of Performance Share Unit ("PSU") Agreement for awards granted in 2024 and subsequently under the Brighthouse Financial, Inc., dated July 11, 2023, is incorporated by reference to Exhibit 3.3 to our Quarterly Report on Form 10-Q, filed on 2017 Stock and Incentive Compensation Plan, as amended November 14, 2019 (the "Employee Plan"). |
| 10.2*# | A August Award Agreement Supplement (Employee Plan) for PSU and Restricted Stock Unit awards granted in 2024 9, 2023, and subsequently. |
| 31.1* | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1** | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2** | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS* | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document. |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document. |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document. |
| 104* | The cover page of Brighthouse Financial, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, formatted in Inline XBRL (included within the Exhibit 101 attachments). |

* Filed herewith.

** Furnished herewith.

Denotes management contracts or compensation plans or arrangements.

[Table of Contents](#)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BRIGHTHOUSE FINANCIAL, INC.

By: /s/ Edward A. Spehar

Name: Edward A. Spehar

Title: Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

Date: November 8, 2023 May 8, 2024

110 91

Exhibit 10.1

PERFORMANCE SHARE UNIT AGREEMENT

Brighthouse Financial, Inc. (the "Company") confirms that, on [grant date] (the "Grant Date"), it granted you, [name], [number] Performance Share Units (your "Performance Share Units"). Your Performance Share Units are subject to the terms and conditions of the Brighthouse Financial, Inc. 2017 Stock and Incentive Compensation Plan (the "Plan") and this Performance Share Agreement (this "Agreement"), which includes the Award Agreement Supplement (the "Supplement") and Exhibit A to this Agreement (including any Appendices). Please note that the Supplement includes terms for forfeiture of your Performance Share Units under some circumstances.

Standard Terms

- (a) These terms are the "Standard Terms" and will apply to your Performance Share Units except in so far as Sections S-1 ("Change of Status"), S-2 ("Change of Control"), or S-14 ("Restrictive Covenants") apply. If Shares are delivered to you, you will receive evidence of ownership of those Shares.
- (b) The Performance Period is set forth on Exhibit A to this Agreement. After the conclusion of the Performance Period, the Committee shall certify in writing the number of Performance Share Units payable in accordance with these Standard Terms (your "Final Performance Share Units"), and your Final Performance Share Units will be converted into, and will be due and payable in, Shares at the time specified in Section S-7 ("Timing of Payment").
- (c) Based on the Company's achievement of the performance metrics set forth on Exhibit A to this Agreement (including any Appendices), you may be eligible for a payment of up to the maximum number of Performance Share Units set forth on Exhibit A. Notwithstanding any other terms of this Agreement, your payment may not exceed this amount.
- (d) If, under Section (c) of these Standard Terms, you are eligible for a payment, the Committee will determine your Final Performance Share Units by multiplying your Performance Share Units by the "Final Performance Factor." The Final Performance Factor means a percentage within the range specified on Exhibit A as determined by the Committee. The Committee will consider the weighted average of the performance factors described in Exhibit A hereto (including any Appendices), or such other adjustments or considerations it deems appropriate.

IN WITNESS WHEREOF, Brighthouse Financial, Inc. has caused this Agreement to be offered to you, and you have accepted this Agreement by the electronic means made available to you.

Exhibit 10.2

AWARD AGREEMENT SUPPLEMENT

This Award Agreement Supplement (this "Supplement") provides terms that are part of your Award Agreement (the "Agreement") under the Brighthouse Financial, Inc. 2017 Stock and Incentive Compensation Plan (the "2017 Plan"). In this Supplement, "Award" refers to the Performance Shares, Restricted Stock Units, Stock Options, Performance Units, or Restricted Units, that are the subject of the Award Agreement. All capitalized terms used in this document that are not defined herein are defined in the 2017 Plan document.

S-1. Change of Status.

- (a) The terms of this Section S-1 describe how various events affect your Covered Award, subject to Sections S-14(b) ("Non-Disparagement"), S-14(c) ("Violation of Agreement to Protect"), and S-14(d) ("Restrictions Applicable to Insiders and Section 16 Officers"). "Covered Award" shall refer to:
 - (1) your unexercised Stock Options;
 - (2) your Restricted Stock Units or Restricted Units during their Period of Restriction (Outstanding Unit Tranches during their Period of Restriction, in the case of Restricted Stock Units or Restricted Units divided into Unit Tranches); or
 - (3) your Performance Shares or Performance Units during their Performance Period.
- (b) For purposes of this Section S-1, your transfer between the Company and an Affiliate, or among Affiliates, will not be a termination of employment, but any other termination of employment with the Company or any of its Affiliates (including the end of your employer's status as an Affiliate) will be a termination of employment. The terms of this Section S-1 shall apply as provided, except as otherwise determined by the Committee. Any payment will be made at the time specified in Section S-7 ("Timing of Payment").
- (c) **Long-Term Disability.** In the event you qualify for long-term disability benefits under a plan or arrangement offered by the Company or an Affiliate for its Employees, or under another plan or under another disability insurance policy issued to you provided that you can prove the existence of such coverage and that you are receiving long-term disability payments from the carrier that issued the coverage, then the Standard Terms will continue to apply to your Covered Award. Once this Section S-1(c) applies, then none of Section S-1(d) ("Death"), Section S-1(e) ("Post-Employment Award Continuation"), Section S-1(g) ("Involuntary Termination by the Company without Cause") or Section S-1(h) ("Other Termination of Employment") will apply to your Covered Award, even if you subsequently return to active service. Section 2(f) ("Termination for Cause") will continue to apply to your Covered Award, and will supersede the terms of this Section 2(c).
- (d) **Death.** In the event that your employment with the Company or an Affiliate terminates due to your death:

- (1) all of your Stock Options in your Covered Award will be immediately exercisable and will remain exercisable through the end of the period provided by the Standard Terms; or
- (2) any other Covered Award payable in Shares under the Standard Terms will be due and payable in the form of Shares (or cash at a value equal to the number of Shares otherwise payable under the Covered Award multiplied by Closing Price on the date of your death, if so determined by the Committee), without multiplication by any Final Performance Factor that might be applicable under the Standard Terms (in the case of Performance Shares or Performance Units).
- (3) any other Covered Award payable in cash under the Standard Terms will be due and payable in cash at a value equal to the number of units in the Covered Award multiplied by the Closing Price on the date of your death.

(e) Post-Employment Award Continuation.

- (1) If your employment with the Company or an Affiliate terminates (other than for Cause) on or after your Rule of 65 Date, as defined below, then the Standard Terms will continue to apply to your Covered Award as if you remained in active employment.
- (2) For this purpose:
 - a. the "Rule of 65 Date" means the date that the sum of your total completed years of age plus total Service is equal to or greater than sixty-five (65), so long as your Service (as defined below) is equal to or greater than five(5); and
 - b. "Service" means the aggregate number of completed years of employment with MetLife, the Company and its Affiliates (solely during your employer's status as an Affiliate), as conclusively determined by the Company without regard to any later determinations or findings regarding your employment status by any third party.

(f) Termination for Cause. In the event that your employment with the Company or an Affiliate terminates for Cause, your Covered Award will be forfeited immediately.

(g) Involuntary Termination by the Company without Cause. In the event that your employment with the Company or an Affiliate is involuntarily terminated by the Company or such Affiliate without Cause, provided that you execute and do not revoke a separation agreement and release as offered to you by the Company within the time period(s) specified in the separation agreement, then the Standard Terms will continue to apply to your Covered Award as if you remained in active employment.

(h) Other Termination of Employment. If none of Sections S-1(c) ("Long Term Disability"), (d) ("Death"), (e) ("Post-Employment Award Continuation"), (f) ("Termination for Cause"), or (g) ("Involuntary Termination by the Company without Cause") applies, then:

- (1) your Stock Options or Option Units in your Covered Award that are exercisable as of your date of termination will remain exercisable until the close of business on the thirtieth (30th) calendar day after the date of the termination of your employment or until they would expire under the Standard Terms, whichever period is shorter, and all of your Stock Options in your Covered Award that are not exercisable at the date of termination of your employment will be forfeited immediately upon your termination of employment;
- (2) your Outstanding Unit Tranches in your Covered Award (in the case of Restricted Stock or Restricted Stock Units divided into Unit Tranches) will be forfeited immediately upon your termination of employment;
- (3) your Restricted Stock Units or Restricted Units in your Covered Award that are not divided into Outstanding Unit Tranches will be forfeited immediately upon your termination of employment; or
- (4) your Performance Shares or Performance Units in your Covered Award will be forfeited immediately upon your termination of employment.

S-2. Change of Control.

The terms of this Section S-2 describe how a Change of Control will affect your Covered Award. If a Change of Control occurs prior to any of the events described in Section S-1, or, unless the Change in Control does not constitute a change in ownership or effective control, or a change in the ownership of a substantial portion of the assets, of the Company for purposes of Section 409A, subsequent to the events described in Section S-1(c) ("Long Term Disability"), Section S-1(e) ("Post-Employment Award Continuation") or Section S-1(g) ("Involuntary Termination by the Company without Cause"), this Section S-2 will supersede the terms of Section S-1. If any of the events described in the provisions of Section S-1(d) ("Death"), Section S-1(f) ("Termination for Cause"), or Section S-1(h) ("Other Termination of Employment") occurs prior to a Change of Control, the applicable terms of Section S-1 will supersede the terms of this Section S-2.

- (a) The terms of Section S-2(b) below will not apply to your Covered Award if the Committee reasonably determines in good faith, prior to the Change of Control, that you have been granted an Alternative Award for your Covered Award pursuant to Section 14.1 of the 2017 Plan; provided that no Alternative Award may be granted in respect of any Award (i) following the events described in Section S-1(c) ("Long Term Disability") or Section S-1(g) ("Involuntary Termination by the Company without Cause") or (ii) after satisfying the Rule of 65 Date set forth in Section S-1(e) ("Post-Employment Award Continuation") if granting such Alternative Award would result in a violation of Section 409A. In the event that you receive an Alternative Award and your employment is involuntarily terminated without Cause or Constructively Terminated (as defined in the 2017 Plan) following the Change of Control, your Alternative Award shall be treated as follows: (1) all of your Stock Options in your Alternative Award will be immediately exercisable and will remain exercisable through the end of the period provided by the Standard Terms; (2) any other Alternative Award payable in Shares will be due and

payable in cash at a value equal to the number of Shares otherwise payable under the Alternative Award multiplied by the Closing Price on the date of your termination of employment, without multiplication by any Final Performance Factor that might be applicable (in the case of Alternative Awards issued in respect of Performance Shares or Performance Units); and (3) any other Alternative Award payable in cash will be due and payable in cash at a value equal to the number of units in the Alternative Award multiplied by the Closing Price on the date of your termination of employment. Any such Alternative Award shall not accelerate the timing of payment or otherwise violate Code Section 409A; provided, that, in the event that your employment is involuntarily terminated without Cause or Constructively Terminated (as defined in the 2017 Plan) upon or within two (2) years following a Change of Control that is a "change of control" as defined under Code Section 409A, payment will be made at the time specified in Section S-7 ("Timing of Payment").

(b) Except as provided in Section S-2(a) above, and unless otherwise prohibited under law or by applicable rules of a national security exchange, if a Change of Control occurs:

- (1) all of your Stock Options in your Covered Award will be immediately exercisable and will remain exercisable through the end of the period provided by the Standard Terms, unless the Committee elects to redeem your Stock Options for a cash payment equal to the Change of Control Price less the Exercise Price, multiplied by the number of exercisable Stock Options that you have not yet exercised; and
- (2) any other Covered Award payable in Shares will be due and payable in the form of cash at a value equal to the number of Shares or units in the Covered Award multiplied by the Change of Control Price without multiplication by any Final Performance Factor that might be applicable under the Standard Terms (in the case of Performance Shares or Performance Units).

S-3. Nontransferability of Award. Except as provided in Section S-4, the 2017 Plan or as otherwise permitted by the Committee, you may not sell, transfer, pledge, assign or otherwise alienate or hypothecate any of your Award, and all rights with respect to your Award are exercisable during your lifetime only by you.

S-4. Payment to Estate or Beneficiary Designation. You may name one or more beneficiary or beneficiaries who may then exercise any right under this Agreement in the event of your death. Each beneficiary designation for such purpose will revoke all such prior designations. Beneficiary designations must be properly completed on a form prescribed by the Committee and must be filed with the Company during your lifetime. If you have not designated a beneficiary at the time of your death, then the beneficiary shall be the individual named as the beneficiary for your employer provided life insurance coverage. If there is no beneficiary for employer provided life insurance coverage for any reason, then the beneficiary shall be your estate.

S-5. Tax Withholding. The Company or an Affiliate shall deduct or withhold, or require you to remit to the Company or any Affiliate, amounts it determines are sufficient to satisfy federal, state and local taxes, domestic or other (including your FICA or other employment tax obligations or tax penalties that can be assessed against you, including but not limited to those under Code Section 409A) that the Company or any Affiliate determines is required by law or regulation to be withheld with or respect to any taxable event arising or as a result of your Award or the application of the 2017 Plan to your Award. To satisfy these withholding requirements, the Company or an Affiliate may withhold amounts from payment made under this Agreement, or from other payments due to you to the extent permissible under law. The Company will defer payment of cash or the issuance of Shares, as applicable, until this requirement is satisfied. To the extent Shares are payable to you under your Award and you are an executive officer subject to Section 16 of the Exchange Act, you may direct the Company to satisfy the withholding requirement by withholding Shares otherwise issuable to you based on the Fair Market Value of a Share on the date the taxable event with respect to your Award occurs. To the extent Shares are payable to you under your Award and you are not an executive officer subject to Section 16, the Company may elect to satisfy the withholding requirement by withholding Shares otherwise issuable based on the Fair Market Value of a Share on the date the taxable event with respect to your Award occurs.

S-6. Adjustments. The Committee will make appropriate adjustments in the terms and conditions of your Award as provided in Section 4.2 of the 2017 Plan, and may make adjustments in the terms and conditions of your Award as provided in Section 15.2 of the 2017 Plan. The Committee's determinations in this regard will be conclusive.

S-7. Timing of Payment.

- (a) To the extent applicable, this Agreement is intended to comply with Code Section 409A and shall be interpreted accordingly.
- (b) For Awards that are Stock Options, Shares will be paid to you upon your exercise of any of your Stock Options, except where Section S-2(b) applies, the Company will pay you cash upon redemption of the Stock Options.
- (c) For Awards other than Stock Options:
- (1) If payment is due and payable for Awards that are Restricted Stock Units or Restricted Units (including Unit Tranches) under the Standard Terms, payment will be made on or following the date the applicable Period of Restriction ends but no later than the end of the calendar year in which the applicable Period of Restriction ends. If payment is due and payable for Awards that are Performance Shares or Performance Units, payment will be made in the calendar year following the calendar year in which the Performance Period ends.
 - (2) If payment is due and payable under the terms of Section S-1(d) ("Death"), it will be made upon your death.
 - (3) Any Alternative Award shall not accelerate the timing of payment; except, that, with respect to Alternative Awards granted in respect of Restricted Stock Units or Restricted Units (including Unit Tranches), if payment is due and payable under Section S-2(a) in the event that your employment is involuntarily terminated without Cause or Constructively Terminated (as defined in the 2017 Plan) upon or within two (2) years following a Change of Control that is a "change of control" as defined

under Code Section 409A, it will be made in cash within thirty (30) days of your termination of employment or, if you are a "specified employee" as defined under Code

Section 409A, it will be made six (6) months after the termination of your employment (or, to the extent Code Section 409A applies to your Award, six (6) months after your "separation from service" under Code Section 409A, if that is a different date).

(4) If payment is due and payable under Section S-2(b):

- a. if the Change of Control that causes payment to be due and payable is a "change of control" as defined under Code Section 409A, such sum shall be paid to you within thirty (30) days after the Change of Control; or
- b. if the Change of Control that causes payment to be due and payable is not a "change of control" as defined under Code Section 409A, such sum shall be paid to you at the time determined under Section S-7(c)(1) on the same basis as if the Standard Terms applied.

S-8. Closing Price. For purposes of this Agreement, Closing Price will mean the closing price of a Share as reported in the principal consolidated transaction reporting system for the National Association of Securities Dealers Automated Quotations (or on such other recognized quotation system on which the trading prices of the Shares are quoted at the relevant time), or in the event that there are no Share transactions reported on such tape or other system on the applicable date, the closing price on the immediately preceding date on which Share transactions were reported. Closing Price shall constitute "Fair Market Value" under the 2017 Plan for all purposes related to your Award.

S-9. No Guarantee of Employment. This Agreement is not a contract of employment and it is not a guarantee of employment for life or any period of time. Nothing in this Agreement interferes with or limits in any way the right of the Company or an Affiliate to terminate your employment at any time. This Agreement does not give you any right to continue in the employ of the Company or an Affiliate.

S-10. Governing Law; Choice of Forum. This Agreement will be construed in accordance with and governed by the laws of the State of Delaware, regardless of the law that might be applied under principles of conflict of laws. Except as otherwise provided in the Company's Certificate of Incorporation or By-Laws, any action to enforce this Agreement or any action otherwise regarding this Agreement must be brought in a court in the State of New York to which jurisdiction the Company and you consent.

S-11. Miscellaneous.

- (a) For purposes of this Agreement, "Committee" includes any direct or indirect delegate of the Committee as defined in the 2017 Plan and (unless otherwise indicated) the word "Section" refers to a Section in this Agreement. Any other capitalized word used in this Agreement and not defined in this Agreement, including each form of that word, is defined in the 2017 Plan.
- (b) Any determination or interpretation by the Committee pursuant to this Agreement will be final and conclusive. In the event of a conflict between any term of this Agreement and the terms of the 2017 Plan, the terms of the 2017 Plan control. This Agreement and the 2017 Plan represent the entire agreement between you and the Company, and you and all Affiliates, regarding your Award. No promises, terms, or agreements of any kind regarding your Award that are not set forth, or referred to, in this Agreement or in the 2017 Plan are part of this Agreement. In the event any provision of this Agreement is held illegal or invalid, the rest of this Agreement will remain enforceable.
- (c) Your Award is not Shares and do not give you the rights of a holder of Shares. You will not be credited with anything additional with respect to your Award on account of any dividend paid on Shares.
- (d) The Committee may, in its discretion, settle an Award otherwise payable in Shares instead in the form of cash, to the extent settlement in Shares is prohibited by law or would require you or the Company to obtain the approval of any governmental and/or regulatory body. The Committee may, in its discretion, require you at any time to immediately sell Shares you acquire under this Agreement, in which case, the Company shall have the authority to issue sales instructions in relation to such Shares on your behalf. If the Committee determines that applicable law requires that you receive fewer Shares or a lesser amount of cash than that otherwise determined under the terms of this Agreement, you will receive that number of Shares or amount of cash the Committee determines is due under applicable law. No Shares will be issued or no cash will be paid if that issuance or payment would result in a violation of applicable law, including United States securities laws and any other applicable securities laws.
- (e) The issuance of Shares or payment of cash pursuant to your Award is subject to all applicable laws, rules and regulations, and to any approvals by any governmental agencies or national securities exchanges as may be required. The Company's grant of the Award to you is not intended to be a public offering of securities outside the United States, and the Company has not submitted any registration statement, prospectus, or other securities filing with authorities outside the United States, except where required by law. Your Award has not been, and will not be, reviewed by or registered with any securities authorities outside the United States.
- (f) You agree to repatriate all payments under this Agreement or cash attributable to Shares you acquire under this Agreement to the extent required under any applicable legal requirements, such as foreign exchange rules and regulations in your country of residence or country of employment.
- (g) Your Award is subject to any Company compensation recoupment policy in effect from time to time.
- (h) Regardless of any action the Company or any Affiliate takes with respect to any or all tax withholding (including social insurance contributions and payment on account obligations, if any), you acknowledge that the ultimate liability for all such taxes is and remains your responsibility (or that of your beneficiary or estate) and that neither the Company nor any Affiliate makes any representations or undertakings regarding the treatment of any tax withholding in connection with any aspect of any of your Award.

including the grant or payment on account of the Award, and that neither the Company nor any Affiliate commits to structure the terms of the grant of or any aspect of any Award to reduce or eliminate your (or you estate's or any heir's) liability for such tax. You agree to take any and all actions as may be required to comply with your personal tax obligations.

- (i) You agree that this Agreement and any other documents related to the 2017 Plan or your Award are to be presented to you in English, except where prohibited by law. If any such document is translated into a language other than English, the English version will control, to the extent permitted by applicable law.
- (j) The collection, processing and transfer of your personal data (collectively "Data Handling") is necessary for the Company's administration of the 2017 Plan, this Agreement and your Award, and such Data Handling shall be done consistent with applicable law, the data privacy consents, if any, signed by you, the terms of your employment contract (if any) and/or your local company's governing policies with respect to data privacy.
- (k) In accepting this Agreement, you acknowledge, to the extent allowed by law, that:
- (1) The 2017 Plan and this Agreement are each established voluntarily by the Company, and that each is discretionary in nature and may be modified, suspended or terminated at any time, as provided in the 2017 Plan and this Agreement, respectively, and such change or the end of your participation in the 2017 Plan shall not constitute a change or impairment of the terms and conditions of your employment or give rise to any liability to you;
 - (2) the grant of your Award is voluntary and occasional and does not create any contractual or other right to receive future grants of Awards, or benefits in lieu of an Award, even if Awards have been granted repeatedly in the past;
 - (3) all decisions with respect to future Award grants, if any, will be at the discretion of the Committee, including, but not limited to, the timing of any grants, the number of units or Shares in any Award, and vesting provisions;
 - (4) your participation in the 2017 Plan is voluntary;
 - (5) the Award is an extraordinary item which is outside the terms and conditions of your employment and the scope of your employment contract, if any;
 - (6) the Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments;
 - (7) the Award grant will not be interpreted to form an employment contract or relationship with any Affiliate or the Company, and you are not an employee of the Company;
 - (8) the future Closing Price of Shares is unknown and cannot be predicted with certainty;
 - (9) to the fullest extent permitted by law, no claim or entitlement to compensation or damages arises from termination of the Award or diminution in value of the Award and you irrevocably release the Company and each Affiliate from any such claim that may arise; and
 - (10) in the event of the termination of your employment, neither your eligibility, nor any right to receive Awards, nor any period within which payment may be made on account of your Award, if any, will be extended beyond the period specified under this Agreement by any notice period mandated under law (e.g., active employment would not include a period of "garden leave" or similar period pursuant to local law); furthermore, in the event of the termination of your employment, your right to payment on account of your Award, if any, will not be extended by any notice period mandated under law; and
 - (11) you have been granted your Award as a consequence of the commercial relationship between the Company and the Affiliate that employs you, and the Affiliate that employs you is your sole employer.
- (l) The Company may impose other requirements as a condition of your Award, to the extent the Committee determines, in its discretion, that such other requirements are necessary or advisable in order to comply with law or facilitate the operation or administration of this Agreement, your Award, or the 2017 Plan. To the extent the Company determines in its discretion that you are required to execute any document or undertaking for this purpose, you agree to do so.

S-12. Amendments. The Committee has the exclusive right to amend this Agreement as long as the amendment does not adversely affect any of your previously-granted Awards in any material way (without your written consent) and is otherwise consistent with the 2017 Plan. The Company will give written notice to you (or, in the event of your death, to your beneficiary or estate) of any amendment as promptly as practicable after its adoption.

S-13. Agreement to Protect Corporate Property. If, as and when the Company or any Affiliate that employs you, adopts an Agreement to Protect Corporate Property (a "Property Agreement"), then the grant of your Award is subject to and contingent upon your execution of the Property Agreement within the time frame specified by the Company and in the method specified by the Company. If the Company does not receive your executed Property Agreement within the time frame specified by the Company, then this Agreement and the Award granted to you will be void. The Committee may, in its sole discretion, allow an extension of time for you to return your signed Property Agreement.

S-14. Restrictive Covenants.

- (a) The terms of this Section S-14 shall apply notwithstanding any other terms of this Agreement, other than Section S-2 ("Change of Control"), to the contrary. If a Change of Control occurs prior to any "finding" described in this Section S-14, any applicable terms of Section S-2 ("Change of Control") will supersede the terms of this Section S-14. Notwithstanding the terms of Section S-10 ("Governing Law; Choice of Forum") to the contrary, this Section S-14 will be construed in accordance with and governed by the laws of the State of North Carolina regardless of the law that might be applied under principles of conflict of laws.
- (b) **Non-Disparagement.** Your Award shall be forfeited if the Committee finds that you have, at any time after your employment ends and before your Award is paid to you (in the case of Performance Shares, Performance Units, Restricted Stock Units, or Restricted Units) or exercised by you (in the case of Stock Options), made statements that damage, disparage, or otherwise diminish the reputation or business of the Company, any of its Affiliates, or of any their respective employees, officers, directors, products, or services, with the exception of truthful statements that are compelled by law or otherwise authorized pursuant to legal or administrative processes.
- (c) **Violation of Agreement to Protect Corporate Property.** Your Award shall be forfeited if the Committee finds that you have, at any time before your Award is paid to you (in the case of Performance Shares, Performance Units, Restricted Stock Units, or Restricted Units) or exercised by you (in the case of Stock Options), violated any of the terms of any Property Agreement.
- (d) **Restrictions Applicable to Insiders and Section 16 Officers.**
- (1) The terms of this Section S-14(d) shall apply if you are an Insider at any time during the Performance Period (in the case of Performance Shares or Performance Units) or Period of Restriction (in the case of Restricted Stock Units or Restricted Units), or at any time prior to your exercise of each of your Stock Options, notwithstanding any other terms of this Agreement, other than Section S-2 ("Change of Control"), to the contrary.
 - (2) If the Committee reasonably finds that, at any time during the Performance Period (in the case of Performance Shares or Performance Units) or Period of Restriction (in the case of Restricted Stock Units or Restricted Units), or at any time prior to your exercise of each of your Stock Options, whether during your employment with the Company and its Affiliates or thereafter, you directly or indirectly owned any interest in, managed, controlled, participated in, consulted with, or rendered services, as an officer, director, employee, partner, member, consultant, independent contractor or agent, to any person or entities currently engaged in business activities which compete (or will compete based on the anticipated plans of the Company or an Affiliate at the time of your employment termination) with the business of the Company or an Affiliate in any country in which the Company or an Affiliate conducts business or has plans to conduct business during your employment or as of the date your employment terminated, then, to the maximum extent permissible by law, your Award and any payments otherwise due under your separation agreement, if any, under Section S-1(g) ("Involuntary Termination by the Company without Cause") will be immediately forfeit.

S-15. Deadline to Accept. If you wish to accept the terms of this Agreement you must do so by the electronic means made available to you within sixty (60) days after receiving this Agreement. The Committee may, in its sole discretion, extend the time within which you may accept this Agreement.

8

Exhibit 31.1

CERTIFICATIONS

I, Eric T. Steigerwalt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Brighthouse Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 8, 2023** May 8, 2024

/s/ Eric T. Steigerwalt
Eric T. Steigerwalt
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Edward A. Spehar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Brighthouse Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 8, 2023** May 8, 2024

/s/ Edward A. Spehar
Edward A. Spehar
Executive Vice President and Chief Financial Officer

SECTION 906 CERTIFICATION

CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Eric T. Steigerwalt, certify that, to my knowledge, (i) Brighthouse Financial, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Brighthouse Financial, Inc.

Date: November 8, 2023 May 8, 2024

/s/ Eric T. Steigerwalt

Eric T. Steigerwalt
President and Chief Executive Officer

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by Brighthouse Financial, Inc. (the "Company") for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

SECTION 906 CERTIFICATION

CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Edward A. Spehar, certify that, to my knowledge, (i) Brighthouse Financial, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Brighthouse Financial, Inc.

Date: November 8, 2023 May 8, 2024

/s/ Edward A. Spehar

Edward A. Spehar
Executive Vice President and Chief Financial Officer

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by Brighthouse Financial, Inc. (the "Company") for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

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